



Daily Report

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General

Gong Dafei Sees Relaxation of Tensions

OW260302 Beijing XINHUA in English
0242 GMT 26 Dec 87

[Text] Beijing, December 26 (XINHUA)—Well-known Chinese diplomat Gong Dafei said here today that despite present conflicts in the world the international situation was now less tense than one year ago.

This was characterized, Gong said, by the signing of the INF treaty by the United States and the Soviet Union. "Though the nuclear forces the two superpowers are prepared to eliminate only account for four percent to five percent of their totals, it is a good beginning," he said. "It is also conducive to the talks between the two countries over the 50 percent reduction of their strategic nuclear forces."

He predicted that as the nuclear arms negotiations progress, talks between the United States and the Soviet Union on the reduction of conventional weapons will also start.

Gong Dafei is a former vice-minister of foreign affairs and Chinese ambassador to many countries and now serves as senior advisor to the Beijing Institute for International Strategic Studies and President of the Chinese-African People's Friendship Association. He said that Soviet leader Mikhail Gorbachev has dealt with international and domestic affairs with a "new thinking". The Soviet Union's foreign policy will certainly serve its strategy of speeding up development.

Meanwhile, he said, the United States, because of economic difficulties and other factors, is falling short of its wishes to compete with the Soviet Union.

"The two superpowers seem to have realized that at a nuclear era their rivalry won't strengthen their positions," he said. "Of course I don't mean to say they will willingly abandon their nuclear deterrent."

The links between East Europe and West Europe are being strengthened and these have become an important force for safeguarding world peace, Gong said.

He said that the emergence of third world countries in Asia, Africa and Latin America has been a great event in world politics this century. "Third world countries are now shouldering the two historical major tasks, peace and development, confronting the people in the world."

Gong said the present relaxation of tensions will continue next year and over the next 12 years.

"There may be some changes and even accidental events in the future," he said, "I don't expect strategic changes in the overall situation."

Veteran Diplomat on International Situation

OW270846 Beijing XINHUA in English
0817 GMT 27 Dec 87

[Text] Beijing, December 27 (XINHUA)—A veteran Chinese diplomat said today the international situation will remain stark in the coming year though there have been positive, favorable developments in the world this year.

Chai Zemin, vice-president of the Chinese People's Institute of Foreign Affairs, made the comment in a XINHUA interview here.

In 1987, the two superpowers have eased their antagonism and strengthened their dialogue, he said. However, he added, the arms race between the Soviet Union and the United States is still going on and extending to the outer space.

East-West relations have eased to a certain degree. The parties involved in the conflicts in the hot spots including Indochina, Afghanistan, Central America, and the Gulf region have all shown a willingness to seek political solutions. Regional cooperation among medium-sized and small countries has been stepped up, he said.

Chai, China's first ambassador to the United States after the normalization of relations between the two countries, said that Sino-U.S. relations have generally been good this year. Cultural exchanges have been made, trade has been increased and high-level visits and consultations have continued, he said.

However, some problems remain in the Sino-U.S. relations. Besides the issue of Taiwan, a handful of U.S. Congressmen act both in words and deeds in violation of China's sovereignty and in support of the secessionist activities of the Dalai Lama supporters, seriously hurting the feelings of the Chinese people, going against the will of the American people and doing harm to the expansion of bilateral relations.

"No external forces had ever succeeded in separating Tibet from China even at the time when China was weak," Chai said. "Now that China has become stronger such separation is only a vain hope."

Reagan Opposed to Closing PLO UN Office

OW260603 Beijing XINHUA in English
0222 GMT 24 Dec 87

[Text] United Nations, December 24 (XINHUA)—The matter concerning a U.S. legislative provision requiring the closure of the Palestine Liberation Organization (PLO) Observer's Office to the United Nations "is now in the hands of the U.N. secretary-general," a PLO official said today.

The official was reacting to news reports that on December 22 U.S. President Ronald Reagan had signed into law a State department spending bill containing a provision related to the PLO office.

The President signed the bill despite the fact that he found the provision objectionable, according to a State Department spokeswoman.

Explaining the President's position, Spokeswoman Phyllis Oakley said that the closure would be contrary to the United States' treaty obligations with the United Nations.

She was referring to the United Nations headquarters treaty concluded by the United States and the United Nations in 1947.

She said the Reagan administration will begin consultations with Congress during the 90 days before the law goes into effect to try to persuade lawmakers to abrogate the order.

Other U.S. officials acknowledged that the United States is particularly concerned that an order to close the PLO mission would provoke widespread criticism from Arab governments and even Western allies. The order would lead to a long legal tangle, they added.

The U.N. General Assembly voted last week to affirm the PLO's right to maintain the mission. Israel cast the only negative vote. The United States refused to participate in the voting.

U.S. officials feared the vote was "the first in a series of salvos against the United States," according to a NEW YORK TIMES report.

World Bank 'Impressed' With Economic Reform
OW280126 Beijing XINHUA in English
0041 GMT 28 Dec 87

[*"China's Economy To Keep Growing; World Bank Official Says (By Zhao Zijian)" —XINHUA headline*]

[Text] Washington, December 27 (XINHUA)—A world bank official has predicted that China's economy will keep growing at the current pace in the rest of the century to become one of the largest economies in the world by year 2000.

Shahid Javed Burki, director of the World Bank's China Department said in an exclusive interview with XINHUA that his colleagues and himself are very impressed with China's reform, especially in the recent outcome of the 13th National Congress of the Chinese Communist Party.

Mr. Burki said the focus on reforming the structure of individual enterprises, providing more incentives to hard working people and diversifying the Chinese economy, as stressed in the report delivered by party General Secretary Zhao Ziyang impressed them most.

He said the bank has a very good working relationship with China and is "very satisfied" with the way both sides are working.

Burki also indicated that the bank is currently engaged in carrying out projects in many sectors of the Chinese economy and plans to start new assistance to China's economic reforms.

According to Mr. Burki, the World Bank plans to lend 1.65 billion dollars to China in July of the coming fiscal year. It also plans to boost the amount to 3 billion dollars a year in 1991 or 1992. The increase will be policy based lendings to help China restructure its economy.

Representatives of the World Bank had a number of discussions with Chinese leaders. The bank was asked to continue its technical assistance, especially in carrying out studies of various sectors of the Chinese economy.

The World Bank, in cooperation with China, has completed a series of studies on China's education sector, vocational training, poverty, urban problems, inland waterway system, health, livestock, trade and exports and financial sector.

From the involvement in China's economic reform, Mr. Burki said, the bank believes China should focus on four areas, namely, the improvement of the efficiency of enterprises, the development of the financial sector, the upgrading of infrastructure and fresh attention to urban problems which arise from economic restructuring.

According to Mr. Burki, the Chinese Government should pay special attention to some specific problems such as the relationship between food grain and cash crops, or how to maintain adequate domestic food supply while not missing opportunities in producing higher valued crops. He also noted the need to put emphasis on quality control in enterprises. In the enterprise reform, more attention should be paid as of now to market research, the division of labor among various enterprises, and social security to workers dislocated as a result of the reforms.

Mr. Burki indicated that China has a very good credibility as a borrower and could afford to relax a little bit in borrowing from abroad, but at the same time attention should be paid to efficient usage of imported goods and technology. Besides, China should continue to strengthen its education and research sectors because the country has the capacity to carry out many of the research works instead of simply getting them from abroad.

Burki is very optimistic about China's economic prospects, seeing no particular problem to achieve a six to seven percent per annual growth in the next 13 years. By the end of the century, he said, China's economy in today's dollar may reach one trillion U.S. dollars and become one of the four largest economies in the world after the United States, Japan and Federal Germany.

1987 Ends With Slight Trade Surplus

*OW281221 Beijing XINHUA in English 0854 GMT
25 Dec 87*

[Text] Beijing, December 25 (XINHUA)—China will end the year with a slight trade surplus after three successive years of deficits.

Foreign trade during the year was "healthy and stable", Zheng Tuobin, minister of the foreign economic relations and trade, said in an interview with XINHUA here today.

Exports grew by an unprecedented margin, Zheng said, adding that unnecessary imports have been brought under control.

Imports and exports between January and November totalled 58.3 billion U.S. dollars, a 14.5 percent increase over the same period last year.

Exports amounted to 31.7 billion U.S. dollars, up 29.9 percent, and imports for the whole year is expected to reach 30 billion U.S. dollars, down slightly.

Zheng, a foreign trade veteran with 41 years experience, expressed satisfaction with the figures.

He said this has been scored on the basis of achievements made following the Third Plenary Session of the 11th Central Committee of the Chinese Communist Party nine years ago.

Policies implemented since have encouraged exports and the responsibility system for contracting exports.

Zheng said a good beginning has been made in building export production networks involving machinery, electrical apparatuses, agricultural and sideline products, light industrial products and textiles.

The growth of exports is due also to opportunities in the international market and the promotion of exports through various channels by China's foreign trade departments, he said.

Exports of finished products have grown steadily with the proportion of machinery and electrical products up 48.4 percent over last year.

Exports of textiles, chemical and light industrial products, handicrafts and native products and animal by-products have increased remarkably, the minister said.

The value of technical exports reached 100 million U.S. dollars at the end of November, five times the value of last year and triple the value of all technical exports between 1979 and 1985.

The proportion of imports of raw materials, technologies and key equipment necessary to industry and agriculture development continued to rise while imports of automobiles, household electric appliances and other luxuries were tightened.

Exports to Japan reached 5.43 billion U.S. dollars for the 11-month period; imports were down narrowing the deficit by a substantial margin.

Trade with the United States was up. Exports reached 2.68 billion U.S. dollars outdistancing imports and reducing the trade deficit.

Exports to Hong Kong and Macao rose to 9.37 billion U.S. dollars. Imports from these areas also increased.

The European Community became a stronger trading partner with China's exports up 44.6 percent.

Trade with developing countries, the Soviet Union, and East European countries has shown a steady increase, too, the minister said.

United States & Canada

'Text' of Committees' Protest Against U.S.

*OW261636 Beijing XINHUA in English
1624 GMT 26 Dec 87*

[“NPC Committees issue statement in protest against U.S. Congress’ amendment”—XINHUA headline]

[Text] Beijing, December 26 (XINHUA)—Following is the full text of the statement by the Nationalities Committee and the Foreign Affairs Committee of the National People's Congress of the People's Republic of China on the amendment of the so-called "human rights violations in Tibet by the People's Republic of China" adopted by the U.S. Congress:

On 15th and 16th December 1987 respectively, the House of Representatives and the Senate of the U.S. Congress formally adopted an amendment on the so-called "human rights violations in Tibet by the People's Republic of China". In view of this, the Nationalities Committee and the Foreign Affairs Committee of the National People's Congress of the People's Republic of China solemnly state as follows:

1. The "amendment" of the U.S. Congress wilfully distorts the history and realities of China's Tibet Autonomous Region, and slanders and attacks the Chinese Government and people. Under the signboard of protecting "human rights," it grossly meddles in China's internal affairs and openly urges the U.S. Administration

to interfere in these affairs. We feel utmost indignation and thereby lodge a strong protest with the U.S. Congress for disregarding the basic norms of international relations and trampling upon the principles set forth in the successive Sino-U.S. joint communiques.

2. Tibet is an inalienable part of China's territory, and the Tibetan people are a member of the big family of China with multi-nationalities. This is a fact recognized by the governments of all countries, including the U.S. Government. Any questions concerning Tibet are China's internal affairs, in which no other country has the right to interfere. Last September the Dalai Lama put forward in the U.S. congress the so-called five-point proposal advocating "Tibetan independence" in an attempt to split China. It is against this background that the "amendment" brazenly urges the Chinese Government to establish a dialogue with Dalai on "the future of Tibet". All this only serves to show the vicious motives of the concocters of the "amendment" to split China. We wish to warn these people sternly that any attempt to sever Tibet from China or to disrupt the harmony and unity among the people of Tibetan and other nationalities in China will encounter strong opposition from the Chinese people, and no such attempt will ever succeed.

3. The "amendment" accuses China of "human rights violations in Tibet", alleging that many Tibetans have been incarcerated and killed for the expression of their political and religious beliefs. This accusation is sheer fabrication and lie. Anyone familiar with Tibetan history knows that under the previous dark rule of serfdom, the serfs and slaves who accounted for over 95 per cent of the Tibetan population were faring worse than beasts of burden, with no freedom of the person, let alone "human rights". Only after the democratic reform in Tibet did the Tibetan people become real masters of their own destiny. Today, they exercise their full rights as masters. Every basic right of the Tibetan people is protected by law and fully respected in actual life. The Tibetan people have never before enjoyed such full and extensive democracy and freedom as they do today. The practice of democracy and the legal system in Tibet are being further improved. There are no such cases as arrest and execution in Tibet on account of religious beliefs. The riot which took place in Tibet last October was solely a political incident created by a handful of separatists to coordinate with the Dalai cliques' activities abroad aimed at splitting China. It is for the very purpose of ensuring democracy, freedom, peace and tranquility for the Tibetan people that we have brought to justice the handful of people who had masterminded the incident in violation of the criminal law. On 24 September this year, two proven murderers were sentenced to death and executed. One of them had committed murder in a robbery and the other after a quarrel with a fellow villager. Both victims were Tibetan. The "amendment" of the U.S. Congress has gone so far as to voice grievances over the cases. This fully shows what kind of stuff it is that the U.S. Congress wants to protect as "human rights". No one can deny the historic progress of the

Tibetan people who have turned from slaves into masters. While raising the so-called issue of protecting "human rights" in Tibet, the "amendment" supports the Dalai clique in its efforts to restore serfdom in Tibet. What on earth is this logic? Does it mean that restoration of serfdom conforms with the principles of "human rights"? 4. The "amendment" distorts the actual economic and cultural life of the Tibetan people with a sensational assertion that "over 1,000,000 Tibetans perished" from 1959 to 1979 as a direct result of famine or because of political reasons. This is not worth refuting at all. On the eve of the peaceful liberation of Tibet, its population was only about one million, but now it totals 2.02 million of whom over 95 per cent are Tibetans. This fact alone suffices to show the extent of absurdity of the lie told by the concocters of the "amendment". Thanks to the arduous efforts of the past three decades or more, unprecedented progress has been achieved in Tibet's industry, agriculture, communications, culture and education, public health, scientific research and other undertakings. The living standards of the Tibetans have kept improving. These are obvious facts that no one can write off.

5. The "amendment" falsely accuses China of having "encouraged a large influx of Han-Chinese into Tibet". This, too, is groundless. Of the current population of two million or more in the Tibet Autonomous Region, Tibetans take up more than 95 per cent, whereas the Han people number only 3.5 per cent. So, the question of "a large influx of Han-Chinese" simply does not exist. It should be pointed out, however, that as Tibet is part of China, people of Han and other fraternal nationalities in China are completely justified in going to Tibet to help their Tibetan compatriots in socialist construction. Mutual assistance and support among all nationalities in China is an important condition for achieving common progress and prosperity. Specialists and technicians sent to help Tibet by fraternal nationalities and provinces and cities in other parts of China have made important contributions to the development of the economy, culture and other undertakings in Tibet, for which they have been well received and praised by the Tibetan people. Therefore, the "amendment" can be nothing but a futile effort at distorting China's nationalities policy and sowing discord among the nationalities in China.

6. To develop Sino-U.S. relations [to] meet the common interests and aspirations of the Chinese and American peoples. As [a] legislature, the U.S. Congress ought to have taken a prudent attitude on questions concerning Sino-U.S. relations, and do more in developing these relations and promoting the mutual understanding and friendship between the two peoples. Regrettably and to our indignation, however, the U.S. Congress has interfered in China's internal affairs and viciously attacked China instead. All this does nothing but injury to the national feelings of the one billion Chinese people and harm to Sino-U.S. relations, and also runs counter to the will of the American people. We strongly urge the U.S.

Congress to take a sensible attitude, face the realities squarely and correct its mistakes so as to prevent the recurrence of similar incidents.

Spokesman Rejects U.S. Criticism of Trial

*HK240948 Hong Kong AFP in English
0938 GMT 24 Dec 87*

[Text] Beijing, Dec 24 (AFP)—China rejected Thursday U.S. criticism of the trial of Chinese student Yang Wei who was sentenced to two years jail Monday for inciting unrest and spreading propaganda for a U.S.-based dissident group.

"This is purely China's internal affair," a Foreign Ministry spokesman said, referring to a U.S. State Department statement released here Tuesday attacking China for not allowing Mr. Yang a public trial in Shanghai Monday.

"Yang Wei is a Chinese citizen who has violated Chinese criminal law. He was thus brought to trial by the Chinese judicial departments according to Chinese law and judicial procedures."

The U.S. State Department said China's decision to close the trial to foreign observers was "counter to international principles of justice" and urged Beijing to "resolve Yang Wei's case in a fair and expeditious manner."

But a U.S. Embassy spokesman here said Thursday that the State Department's statement was actually made Sunday before the trial took place and was therefore not an official reaction to Mr. Yang's sentence.

(Washington said Wednesday: "We regret the imposition of such a sentence and hope that after further review the Chinese authorities will show leniency.")

Mr. Yang, 32, was sentenced to two years jail at the nationally-televisioned trial for inciting unrest and spreading propaganda for the New York-based Chinese Alliance for Democracy during student protests a year ago.

The Chinese press has said that Mr. Yang was tried in open court and that his parents were allowed to attend. But officials in Shanghai, where the trial took place, said it was closed and that foreign observers could not attend.

The diplomatic row coincides with growing tension between Beijing and Washington following a U.S. Congress condemnation of alleged human rights violations in Tibet and Washington's annoyance at Chinese arms sales to Iran.

But Western analysts in Beijing said China's response to the U.S. statement was measured in tone in an apparent effort to avoid a flare-up in the issue.

Mr. Yang, who had been detained without trial for almost a year, had been the subject of wide publicity in the United States, where Congress had cited his treatment as an example of alleged violations of human rights in China.

The Chinese press has described the Chinese Alliance for Democracy, founded by Overseas Chinese in 1983 after the suppression of the "Beijing Spring" democracy movement, as aiming to overthrow the Beijing government.

The Shanghai LIBERATION DAILY said a second member of the alliance, Qian Da, was arrested in Shanghai Monday, having arrived two days earlier from the United States on a tourist visa.

Shanghai public security officials said Wednesday Mr. Qian had been asked to leave the country.

Official on Cultural Exchanges With U.S.

*OW241301 Beijing XINHUA Domestic Service
in Chinese 0852 GMT 24 Dec 87*

[By Reporter Bao Guangren]

[Text] Washington, 23 Dec (XINHUA)—The year 1987 has been a year marked by frequent cultural exchanges between China and the United States. More than 20 Chinese troupes came to the United States to give performances, and there were some 30 exhibitions of one kind or another and exchanges between movie and television circles as well as writers of the two countries. At the same time, over a dozen U.S. groups went to China to give performances, hold exhibitions, or make visits.

In an interview with this reporter today, an official of the Chinese Embassy in the United States said that this year's Sino-U.S. cultural exchanges are characterized by their broad mass nature and numerous people-to-people channels, besides a trend toward the diversification of exchange projects and the expansion of the scope of exchanges.

He said: This year three U.S. states held large-scale art festivals with China as the main theme, and Chinese art ensembles were invited to come to give performances. During the art festivals held in Memphis, Tennessee, and Birmingham, Alabama, a total of some 1 million American spectators watched Chinese acrobatic shows, saw several dozen films on China, or visited the various kinds of China-related exhibitions where paintings and real artifacts were displayed.

Such cultural exchanges have promoted Americans' understanding of China, induced their eager interest in Chinese culture and, at the same time, aided the development of Sino-U.S. trade. In fact, many art festivals have been aimed at promoting business with China as

one of their goals. These kind of art festivals, which are attended by a very large number of people, are an effective way of cultural exchange.

A 5-week-long Chinese film week sponsored by the Smithsonian Institution in Washington has also contributed to giving publicity to Chinese culture. During this event, five films were shown, namely "Wild Mountains," "Black Cannon," "Loess Land," "Youth Sacrifice," and "Xiang Xiang, the Hunan Girl." As the Smithsonian Institution is an authoritative organization in the American academic field, its activities are, no doubt, a motive force.

The Chinese Embassy official added: Cultural exchanges between China and the United States will help foster the friendly feelings between the two peoples. As a matter of fact, the "China craze" in the United States has been cultivated to a rather great extent through cultural exchanges. Cultural exchange can have a far-reaching influence on the relations between the two countries.

In addition, he told this reporter that next year there will be more Sino-U.S. cultural exchanges than this year, and that the prospects are optimistic.

Soviet Union

Soviet Union Conducts Nuclear Test 27 Dec *OW270810 Beijing XINHUA in English* *0755 GMT 27 Dec 87*

[Text] Moscow, December 27 (XINHUA)—The Soviet Union conducted a major underground nuclear test early today at the Semipalatinsk testing site in the Kazakhstan Republic, the official Soviet news agency TASS reported today.

The test, with a yield of 20-150 kilotons, is aimed at perfecting military technology, TASS said.

The test is the 22nd since the Soviet Union ended its unilateral nuclear test moratorium in February, and also the third since the Soviet-U.S. summit earlier this month.

Trade Protocol Signed With Soviet Union *OW280902 Beijing XINHUA in English* *0847 GMT 28 Dec 87*

[Text] Beijing, December 28 (XINHUA)—A Sino-Soviet protocol on goods exchange and payments for 1988 was signed here today.

Signed the document on behalf of their respective governments were Wang Pinqing, head of the Chinese Government trade delegation and vice-minister of Foreign Economic Relations and trade, and Yevgeniy P. Bavrin, head of the Soviet Government trade delegation and vice-minister of foreign trade.

Chinese minister of foreign economic relations and trade Zheng Tuobin was present on the occasion.

The protocol indicates that total bilateral trade volume will increase to some extent in 1988.

According to the protocol, China will import from the Soviet Union rolled steel, pig iron, nonferrous metals, timber, urea, sodium carbonate, machinery products and equipment, as well as household electric appliances, while exporting to the Soviet Union nonferrous metals, soybeans, corn, frozen meat, canned meat, apples, citrus, tea, raw silk, silks and satins, cotton, knitwear, garment, light industrial and livestock products.

Sports Protocol Signed With Soviet Union *OW241254 Beijing XINHUA in English* *1232 GMT 24 Dec 87*

[Text] Beijing, December 24 (XINHUA)—Chinese soccer, weightlifting, diving, gymnastics, basketball and five other teams will visit the Soviet Union next year, according to a Sino-Soviet sports exchange protocol for 1988 which was signed here today.

Under the protocol, the Soviet Union is to send eight sports teams for match tour in China. Among the teams are that of figure skating, cycling, gymnastics, basketball and athletics.

The two countries will exchange coaches in such sports as ice hockey, gymnastics and table tennis, and exchange of visits by sports journalists and experts on sports facilities will also be carried out.

According to the agreement, some kind of sports exchanges at the border area will be exercised.

The protocol was signed by He Zhenliang, vice-minister of China's State Physical Culture and Sports Commission, and A.P. Lukash [name as received], vice-chairman of the Soviet State Committee for Physical Culture and Sports.

The visiting Soviet sports delegation is to leave here for home Friday.

Commentary Urges USSR To Leave Afghanistan *OW260836 Beijing XINHUA in English* *0809 GMT 26 Dec 87*

[“Commentary: Soviet Withdrawal Key to Afghan Settlement” by Zhang Zhinian—XINHUA headline]

[Text] Beijing, December 26 (XINHUA)—Soviet Foreign Minister Eduard Shevardnadze declared recently that if the United States stopped aiding the Afghan resistance forces, the Soviet Union would withdraw its troops from Afghanistan in 12 months.

But the Soviet Union set a precondition for its withdrawal — the end of "outside interference," an apparent reply to the U.S. Administration's stand during the U.S.-Soviet summit meeting in Washington earlier this month.

According to high-ranking U.S. officials, Soviet leader Mikhail Gorbachev during closed-door talks at the summit reaffirmed the Soviet stance on the Afghan issue. U.S. President Ronald Reagan insisted that the U.S. will not end its aid to the Afghan resistance forces until an estimated 115,000 Soviet troops that invaded Afghanistan eight years ago leave the country.

The problem seems to be which side will take the first step. But in fact, there exists a chasm between the two superpowers' positions on the Afghan issue. The prospects of a political solution are still dim.

Eight years of war in Afghanistan have left more than one million Afghans dead and one-third of the country's population homeless. The war also poses a serious military threat to and lays a heavy economic burden on neighboring Pakistan. In 1987 alone, hundreds of Pakistanis living in the border areas died in bombardments by the Soviet-backed Kabul regime. And Pakistan has accommodated over 3 million Afghan refugees, becoming the world's largest home to the homeless.

Pakistani President Mohammad Ziaul Haq said recently that the Soviet Union's eight-year occupation of Afghanistan has demonstrated the Soviet expansion policy, as well as its failure to reach its objective.

Although the Soviet Union has deployed 115,000 soldiers in Afghanistan equipped with modern weaponry, it has still been unable to end the fierce resistance of the Afghan guerrillas. Since mid-December, the Soviets have sent larger reinforcements to Paktia Province, east Afghanistan, in a bid to break the guerrillas' long siege of the town of Khowst.

Facts show that after eight years the Afghan people are still fighting the Soviet occupation and the Soviets still cannot end the war with military might. That a superpower cannot conquer a small and weak nation by force has become a character of today's world.

Bogged down in the deadlock on the battlefield, the Soviet Union has repeatedly expressed willingness to solve the Afghan issue politically, but has taken no drastic action in that light.

Neither the Soviet troops' "partial withdrawal" in October 1986 nor the "national reconciliation" proposal raised by the Kabul regime at Moscow's bid before the 42th U.N. General Assembly session in September has contributed to a political solution to the Afghan conflict.

This is because the "partial withdrawal" propaganda and "national reconciliation" proposal are designed only to bolster the Soviet-installed Kabul regime and safeguard the Soviet vested interests in Afghanistan. They sidestep the question of a pullout of Soviet troops — the crux to the settlement of the Afghan issue.

Prominent Afghan resistance leader Gulbuddin Hikmatyar has said that the Afghan mujahideen (holy war fighters) will continue to fight until the last Soviet soldier leaves Afghanistan.

Since the Soviet Union invaded Afghanistan on December 27, 1979, the United Nations has passed nine resolutions calling for the immediate and complete Soviet withdrawal from Afghanistan.

The key to a political solution to the prolonged problem is obviously in the hands of the Soviets. Only when Moscow chooses to leave Afghanistan, can it be possible to seek a political solution to the festering Afghan issue.

Newspaper on Soviet Economic Reforms
HK251502 Beijing RENMIN RIBAO in Chinese
22 Dec 87 p 7

[“Yearender” by Xu Hongzhi (6079 1347 3112): “The Soviet Union: Shifting From Words to Actions”]

[Text] In 1987, the Soviet Union has taken major steps forward along the road of reform. In the previous 2 years, the Soviet Union mainly made opinion preparations and carried out experiments in a certain scope to pave the way for all-round reforms. This year, the words have been turned into actions.

This year, the Soviet Union has adopted a series of new measures for economic reform. All enterprises under seven ministries and some other enterprises have introduced a complete independent accounting system under which they are allowed to raise funds on their own and bear sole responsibility for their profits and losses. The “Individual Labor Law” came into force on 1 May. The law on joint ventures has also been formulated.

More important, the plenary session of the CPSU Central Committee in late June adopted the “basic principles for the fundamental reform of economic management.” Then, the Supreme Soviet ratified the “law on state-owned enterprises (joint companies).” These two documents are complementary to each other and form an integrated program for all-round economic structural reform. The basic points of this program are: Really expanding enterprise decision-making powers, correcting the deviation of excessive centralization in economic management, making more use of commodity and currency relations and the market mechanisms, and promoting all-round economic reforms with enterprise reforms. If these basic points are all realized, a substantial and structural change will occur in the Soviet economy.

Later, the CPSU central leadership and the USSR Council of Ministers adopted 10 concrete resolutions on the reform of the planning, technology, material supply, finance, price, banking, statistical work, and the activities of the central ministries and commissions and the management institutions of various republics, as well as the reforms in the aspects of labor and social development. The resolutions specify the principles and methods for the reforms in these fields. Thus, various coordinating measures for the overall economic structural reform are also ready.

According to the schedule, the "state-owned enterprise law" will come into force on 1 January 1988, and it will take 3 years to complete the transition to the new economic management system, which will be pursued in an all-round way from 1991, the 1st year of the 13th 5-Year Plan.

Western opinion paid extraordinary attention to and highly valued the Soviet Union's progress in economic reform this year. Some Western commentators said that the reform can be considered as the "second October Revolution" and that the CPSU Central Committee plenary session in June 1987 will become a milestone in Soviet history.

While putting forth a series of concrete measures, the Soviet leadership also continued to make opinion preparations for the reforms. In 1987, the Soviet leadership has many times emphasized the primary task for the Soviet theoretical front is to oppose ossified notions and to promote the "psychological change" among cadres and the masses. The plenary session of the CPSU Central Committee in January 1987 openly criticized the "conservative ideas" and "inertia" of the former Soviet leaders in the formulation of policies and in practical activities and analyzed the causes of the appearance of various "obstructive mechanisms." In the plenary session in June, Gorbachev further pointed out that the rigid structure formed in the 1930's and remaining unchanged at present has long been contradictory to the socioeconomic development and changes in the Soviet Union and must be "fundamentally transformed." He also suggested the notion of "developing socialism" and emphasized that reform is a requirement of the law governing the development of socialism.

The Soviet leadership attached importance to the role of political reform in promoting economic reform and paid attention to carrying out political and economic reforms concurrently. Gorbachev repeatedly emphasized: "Social democratization is the soul of reform." This year, the USSR Supreme Soviet adopted a law "on all people's discussions on major issues in the state life." According to the explanation of the Soviet authorities, the purpose of formulating this law is to further raise the level of democracy and openness of social life.

On the other hand, the Soviet Union continued to readjust the ranks of cadres this year and took cadres' attitude toward the reforms as a main criterion for selecting and promoting cadres.

Although the Soviet Union has made certain progress in reform in the past year, it still faces big obstacles and resistance. Recently, the Soviet leadership repeatedly emphasized the necessity of opposing two deviations. On the one hand, it is necessary to oppose the conservative forces and to "foil their sinister plots of obstructing the reforms"; on the other hand, it is necessary to "resist the influence of people who try to advance reform impetuously and hastily." There were obvious differences over the major policies concerning the reforms inside the CPSU leadership, and this was reflected to a certain degree in the dismissal of Yeltsin, former first secretary of the Moscow party committee.

In a speech to mark the 70th anniversary of the October Revolution, Gorbachev for the first time mentioned that in the process of social development in the Soviet Union, reform will be a prolonged historical stage, and the orientation of reform must be maintained; otherwise, there will be no good prospects for the country. However, "things cannot transcend the natural development stages, and nothing can be accomplished in one move." This not only demonstrated the Soviet leadership's determination for reform, but also showed that it is aware of the long-term and complicated nature of reform.

Northeast Asia

Solution Urged on Kokaryo Dormitory Issue

OW271544 Beijing XINHUA in English
1523 GMT 27 Dec 87

[Text] Tokyo, December 27 (XINHUA)—The chairman of the Japan-China Friendship Association, Tokuma Utsunomiya, said Japan should solve the Chinese student dormitory issue in accordance with international laws.

Utsunomiya said the issue of Kokaryo, an Overseas Chinese student dormitory in Kyoto, "should be dealt with correctly on the basis of the relationship between Japan and the People's Republic of China," —a joint statement was issued in September 1972 by the governments of the two countries, and a treaty of peace and friendship signed in August 1978.

A Japanese newspaper reported that "the joint statement and the treaty are international codes. Japanese courts, including the Supreme Court, should know and abide by strictly the principle that international codes are laws, too and make correct decisions on the Kokaryo issue."

On February 26, 1986, the higher court in Osaka in its judgement gave the ownership of the dormitory to Taiwan instead of the Chinese mainland. The court decision and the Japanese Government's stand on the issue soured the relationship between the two countries.

"The determination of the Osaka court run afoul of the principles of the normalization of diplomatic relations between Japan and China," Utsunomiya said. "It fostered a great danger to the two countries' relationship."

Japan should not breach the principles it set with China under the pretext that the government cannot intervene with the judiciary, he said.

The five-story Kokaryo building in question was bought with Chinese people's money after World War Two and has since become China's state property for use as a dormitory for Chinese students in Japan.

With diplomatic relations established between the People's Republic of China and Japan in September 1972, Japan is obligated to turn over property rights of the Kokaryo dormitory to the Government of the People's Republic of China.

For this reason, the Chinese Government has made representations with the Japanese Government dozens of times on this issue.

NPC Vice Chairman Meets Japanese Delegation
OW250506 Beijing XINHUA in English
0257 GMT 25 Dec 87

[Text] Beijing, December 25 (XINHUA)—Zhu Xuefan, vice-chairman of China's National People's Congress Standing Committee, met here today a delegation from Japan's National Federation of Industrial Organizations, led by its Chairman Akihiro Kawai.

Ni Zhifu Meets Japanese Trade Union Group
OW250357 Beijing XINHUA in English
1316 GMT 24 Dec 87

[Text] Beijing, December 24 (XINHUA)—Ni Zhifu, president of the all-China Federation of Trade Unions, discussed exchanges between the trade unions of China and Japan with a delegation from the National Federation of Industrial Organizations of Japan.

The Japanese trade unionists arrived here yesterday as guests of the all-China federation of trade unions.

CPPCC's Zhao Puchu Meets Japan Activists
OW270123 Beijing XINHUA in English
1528 GMT 23 Dec 87

[Text] Beijing, December 23 (XINHUA)—Zhao Puchu, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, met here this evening with a four-member delegation from the anti-War, anti-Nuclear and for Peace Movement Liaison Center of Japan.

The Japanese visitors came here yesterday as guests of the Chinese People's Association for Peace and Disarmament. Zhao Puchu is also vice-chairman of the association.

Amity New Year Party Held in Beijing
OW271110 Beijing XINHUA in English
0916 GMT 27 Dec 87

[Text] Beijing, December 27 (XINHUA)—Some 500 Chinese and Japanese attended a New Year cake party at the auditorium of the Chinese People's Association for Friendship with Foreign Countries here today. They expressed the hope that Sino-Japanese friendship will last from generation to generation.

Chu Tunan, vice-chairman of the Chinese National People's Congress Standing Committee, Sun Pinghua, president of the China-Japan Friendship Association, and Toshijiro Nakajima, Japanese ambassador to China were among those present.

The New Year cake party, an annual event started in 1983, was sponsored by the Chinese People's Association for Friendship with Foreign Countries and the China-Japan Friendship Association.

'Yearender' Views Japanese Economic Climate
OW280027 Beijing XINHUA in English
0209 GMT 27 Dec 87

[“Yearender: Japan's 1987 Economic Climate, From Cloudy to Clear (By Zeng Hu)”—XINHUA headline]

[Text] Tokyo, December 27 (XINHUA)—Although bitterly blamed by its trading partners for its stubborn surplus, Japan managed in 1987 to walk out of the recession caused by the high yen and enter a new expansionary phase.

The Japanese economy hit the bottom of a recession by the end of 1986. The yen was then traded at around 150 a dollar. That was 40 percent higher than in September 1985 when financial leaders of the seven major industrialized countries gathered in New York to agree on a concerted move to bring down the dollar so that the United States would supposedly be able to reduce its huge trade deficit, especially that with Japan.

Battered by the yen's steep appreciation, Japan's industrial production sagged especially in the export-related industries such as steel, semiconductors, shipbuilding, automobiles and electrical manufacturing. The pre-tax profits of the manufacturing sector were cut by half from the previous year. There incurred a stagnation in capital investment. The planned fixed capital investment by manufacturing industries fell 6.4 percent from the previous year.

The strong yen also squeezed hundreds of small and medium-sized companies to bankruptcy and sent unemployment to an all-time high of three percent. The country's gross national product (GNP) chalked up a meagre increase of 2.6 percent in 1986, the lowest growth rate in Japan since the first oil crisis of 1973.

By the end of this year, however, Japan's economy shows a picture in sharp contrast with the gloomy one at the beginning of the year.

The government's Economic Planning Agency (EPA) announced earlier this month that the country's GNP grew by two percent in real terms in the July-September quarter against the preceding three-month period, a leap equivalent to a hefty 8.4 percent a year.

The agency attributed the sharp spurt to an increase in domestic demand fueled by housing and consumer spending. Domestic demand accounted for 1.8 percent of the two percent GNP growth, while external growth accounted for the remaining 0.2 percent.

The two percent growth is the largest quarterly increase since the January-March quarter of 1977 when the GNP registered an annual growth rate of 11.7 percent. The government agency also claimed the steep GNP rise as a result of a six trillion yen economic package which was announced last May by the government to pump up domestic demand.

Housing increased by 26.6 percent in October in comparison with the same month a year earlier, totalling 1.83 million units. Sales of automobiles posted a 3.5 percent year-on-year increase. Meanwhile, consumer spending continued to expand with household spending up 2.4 percent in October over the previous year. Department stores' sales registered a 6 percent increase.

The value of public works' contracts has been showing a double-digit jump since the government launched the six trillion yen pump-priming package in May. Manpower is improving with the unemployment rate dropping to 2.7 percent in October from the record high of 3 percent at the end of last year.

The Ministry of International Trade and Industry projected earlier this week that Japan's crude steel production was expected to top the 100-million-ton mark for the first time in two years in the current fiscal year ending next March, thanks to growing domestic demand for steel products.

Increased production of electric machinery and general machinery helped factory and mining output rise by 2.2 percent in October, according to an EPA monthly report.

The Finance Ministry reported that in the July-September period, pretax earnings of manufacturers as a whole jumped 54.1 percent from last year, the largest increase in eight years. In the area of equipment investment, where the recovery has been relatively slow, a 2.2 percent increase is expected due partly to a rapid rise in equipment investment on the part of smaller companies.

The firmness of spending in the household sector is expected to continue and the upsurge in equipment investment in the corporate sector is intensifying. The economic recovery phase led by domestic demand is likely to be sustained for some time to come.

Meanwhile, as Japan's domestic demand grew, its current account surplus was trimmed down by 20.7 percent in October to 6.54 billion dollars from 8.25 billion a year ago. Japan has registered a sixth consecutive year-on-year decline since last May, according to the Finance Ministry.

Although the changes in the Japanese economy during the year have been even painful for some Japanese companies, the country's efforts to reduce dependence on exports and expand domestic demand are beginning to yield results.

It is also noteworthy that economic expansion was not achieved while the yen-dollar exchange rate ceased to fluctuate as greatly as it had been a year ago. Rather it came along against an even more breathtaking appreciation of the yen against the U.S. currency. By last Friday, the yen rose to another record high of 125.10 yen to the dollar on the Tokyo foreign exchange markets. For Japanese companies, those in the manufacturing sector in particular, the situation is one in which they have to adapt themselves in order to survive the surging yen.

Encouraged by the economic progress in the country, Japan's major financial institutions and think tanks appear optimistic about a 3.5 percent GNP increase for the current fiscal year. They also predict an inflation-adjusted 3.2 to 4.3 percent growth in fiscal 1988.

But some economists here warned that in the face of a continuing massive imbalance in Japan's current account, the fear of a recession in the U.S. economy and the presidential election year in the United States,

Japan's policies cannot be limited to merely achieving a state of balance at home. They say great caution must be exercised in the application of stimulative measures.

Commentary on No Tae-u's Election in S. Korea
*SK280510 Beijing International Service in Korean
1100 GMT 21 Dec 87*

[Station Commentary: "The Predicted Result of the South Korean Presidential Election"]

[Text] The South Korean presidential election is over. As people predicted, No Tae-u, candidate of the ruling party, was elected as the 13th president of South Korea. The opposition camp, however, promptly declared that it does not accept the result of the election. Many students and residents in the Kwangju area staged demonstrations protesting the result of the election resulting in clashes with the police. Bloody incidents continue in other areas as well.

The election in South Korea was a direct presidential election, the first in 16 years. The military rule of the South Korean military authorities, which continued for many years, caused deep grievances for the people and led to the democratization movement, a movement that has grown with each passing day. Under these circumstances, the South Korean authorities were compelled to declare that they would hold a direct presidential election. Therefore, this election can be described as a product of the stepped-up democratization movement of the South Korean people of all walks of life.

The major candidates in the election were No Tae-u, Kim Yong-sam, and Kim Tae-chung. No Tae-u was the candidate of the ruling party, Kim Yong-sam that of the Reunification Democratic Party, and Kim Tae-chung that of the Party for Peace and Democracy. During the election campaign observers noted that if Kim Yong-sam and Kim Tae-chung could agree on a single candidacy they would win but they would fail if they were divided.

The facts prove, No Tae-u won, although he won with less than half of the total votes cast. The number of votes for Kim Yong-sam and Kim Tae-chung combined exceeded half of the total votes cast, but the separate vote count for each was smaller than the count cast in favor of No Tae-u. This, the observers noted, was why they were defeated in the election.

People say that they cannot be helped when they fight with each other and give the advantage to the other person. However, there were also other reasons why No Tae-u was elected president. First, (?appreciating the sentiment) of those who complained about military dictatorial rule, No Tae-u frequently mentioned democracy, thereby winning support from part of the middle class. Second, taking advantage of the position of the ruling party, No Tae-u arranged everything in favor of the ruling party. For instance, No Tae-u rejected the opposition parties' demands for ensuring fair elections

by forming a neutral cabinet and had many people join his party by employing a shock brigade method of appeasing, coercing, and deceiving in the course of the election campaign, thereby organizing the election networks to win votes. He also massively employed money-power tactics of buying votes with bribes and cash, staging such an ugly drama of paying 10,000 won for a vote. The ruling party also did not hesitate to employ maneuvers of threats and blackmail by using the force of the Army and police. Prior to the election, under the pretext of preventing riots, the authorities declared the Army and the police to be on a state of emergency, committing a brutal act of creating a tense atmosphere and posing threats and blackmail.

It is far from surprising that No Tae-u should have been elected president in such a situation. However, this has revealed to the world that No Tae-u's social base is very vulnerable. Observers predict that the South Korean situation will continue to be shaky in the wake of the presidential election. This appears to be inevitable. In particular, the (?anti-no) struggle in the Kwangju area is likely to (?increase in fierceness) with the resistance that may develop on a larger scale.

Southeast Asia & Pacific

Vice Premier Wan Li Ends Thailand Visit
*OW260932 Beijing XINHUA in English
0925 GMT 26 Dec 87*

[Text] Bangkok, December 26 (XINHUA)—Chinese Vice-Premier Wan Li left here for home today after a week-long official visit to Thailand, during which he held talks with senior Thai officials on political and economic relations between the two countries.

Wan Li said before his departure that his talks with Thai officials were fruitful, which would surely further strengthen the existing friendly relations between China and Thailand.

"I am deeply impressed by the economic development of Thai economy. Thailand has achieved great progress in developing its economy and the people in the country are industrious and hospitable," he said.

Thai Deputy Prime Minister Pong Sarasin, who was at the airport to see Wan Li off, told XINHUA that the Chinese vice-premier's visit "will promote the existing good relations between the two countries both in the political and economic fields."

"Thailand is the first ASEAN country he (Wan Li) visited. The visit will also strengthen China's cooperation and relations with ASEAN as a whole," he said.

Reliable sources here disclosed that Wan Li had discussed with Thai Prime Minister Prem Tinsulanon and other senior officials international and regional issues including the Kampuchean conflict.

The two sides unanimously held that the key to a political solution of the Kampuchean problem lies in the withdrawal of Vietnamese troops and the restoration of the right of self-determination to the Kampuchean people.

The sources also said that both China and Thailand agreed to further their economic cooperation while strengthening their political relations.

Wan Li Arrives in Chongqing
*OW261832 Beijing XINHUA in English 1533 GMT
26 Dec 87*

[Text] Chongqing, December 26 (XINHUA)—Chinese Vice Premier Wan Li arrived here this afternoon in the southwest China city of Chongqing after concluding his visit to Thailand.

He was greeted at the airport by local officials.

Wan Li Arrives in Beijing
*OW270856 Beijing XINHUA in English
0834 GMT 27 Dec 87*

[Text] Beijing, December 27 (XINHUA)—Chinese Vice Premier Wan Li returned here this afternoon after his official goodwill visit to Thailand.

He was met at the airport by State Councillor and Foreign Minister Wu Xueqian and Secretary-General of the State Council Chen Junsheng.

Wan Li left here for Thailand December 19 as guest of the Thai Government.

Newspaper Urges SRV Withdrawal from Cambodia
*HK260910 Beijing RENMIN RIBAO in Chinese
25 Dec 87 p 6*

[Short Commentary: "Whoever Started the Trouble Should End It"]

[Text] On this day 9 years ago, the Vietnamese authorities, counting on the country's great military strength, sent an army of more than 100,000 to invade Cambodia. They thought the war could be won in short order by employing blitz tactics. However, the war has been dragging on for 9 years. By fighting bravely, the patriotic soldiers and people of Cambodia have shattered the aggressors' beautiful dreams. It is crystal-clear that it is impossible for the Vietnamese authorities to win this unjust war by relying on their military strength.

Over the past 9 years, the aggressive war against Cambodia started by the Vietnamese authorities has brought untold sufferings to both the Cambodian and Vietnamese peoples. Nine years ago, when the Vietnamese war of resistance against the United States ended, when the country's national economic recovery had yet to begin, and when the country had yet to recover from the war,

the country was dragged into another protracted war of aggression. This is what the Vietnamese can neither endure nor afford. The communique recently issued by the Sixth Plenary Session of the Fourth CPV Central Committee admits that in 1987, the Vietnamese national economy was beset with serious difficulties, there was a serious shortage of grain, and the factories in the country were operating under capacity, there have been deficits for many consecutive years, prices now are going up, the number of unemployed people is increasing, and the actual income of staff members and workers is decreasing. According to the communique, all this is a result of "the strategic mistakes made by the CPV in directing economic work over the past decade." However, the whole world knows that the "strategic mistake" that the Vietnamese authorities should not gloss over is the aggressive war against Cambodia. If the Vietnamese end their invasion of Cambodia, recall all their troops from the country, and concentrate their energy on economic construction, the Vietnamese economy will undoubtedly take a turn for the better. Insightful Vietnamese should be able to understand this.

Because of their aggressive war against Cambodia, the Vietnamese authorities are becoming increasingly isolated in the international community. In spite of the attempts they have made in recent years to extricate themselves from this isolation, they have failed to have their wish fulfilled. During the UN General Assembly this year, a majority greater than last year's by two votes called for the withdrawal of Vietnamese troops from Cambodia. This tells the Vietnamese that very few people support expansion and aggression. Withdrawal from Cambodia is the only way out. All other methods are impractical.

Recently, people have been discussing the problem of settling the Cambodian issue politically. Even the Vietnamese authorities have raised some "suggestions" and "proposals." However, they should know that the Cambodian issue has resulted from Vietnamese invasion. Practical actions and prompt withdrawal of troops from Cambodian country is the key to a really fair and reasonable solution to the Cambodian issue. National reconciliation is indeed inconceivable in a country occupied by foreign troops. Successful economic construction is equally inconceivable in a country which uses all its military might to indulge in wars of aggression and which has sent troops to invade and occupy another country. "Whoever started the trouble should end it." The complete withdrawal of Vietnamese troops from Cambodia is the key both to the settlement of the Cambodian issue and to Vietnam's extrication from isolation and its difficulties. The contemporary world is dominated by two major trends, namely peace and development. What the Vietnamese authorities do in Cambodia runs counter to the world's trends. We would like to advise the Vietnamese authorities that they had better end the war and withdraw their troops as quickly as possible. This is their way out.

Near East & South Asia

Ministry Denies Sale of Missiles to Iran

BK261308 Hong Kong AFP in English
1253 GMT 26 Dec 87

[Text] Beijing, Dec 26 (AFP)—China on Saturday rejected reports in the United States that it has sold new missiles to Iran which are more advanced than its Silkworm weapons.

The reports had quoted an unidentified U.S. official as saying that Chinese-made missiles had been loaded onto an Iranian ship at a North Korean port, and that there were "strong indications" that China was selling C-801 missiles—said to be as sophisticated as the French-made Exocet weapon.

"The reports about China's direct or indirect supply of the above-mentioned missiles to Iran are all groundless," said a spokesman from China's Ministry of Foreign Affairs, contacted by telephone.

China has consistently denied selling any weapons to either side in the Gulf war, but the United States claims that Silkworm missiles have been deployed along the strategic Strait of Hormuz.

Washington decided to halt technology transfers to China in October after a merchant ship flying a U.S. flag was hit by a Silkworm missile.

Li Xiannian Meets With YAR President Salih

OW251325 Beijing Television Service
in Mandarin 1400 GMT 24 Dec 87

[From the "Night News" program; video shows Li Xiannian, Wu Xueqian, and other Chinese representatives seated at an oblong conference table opposite YAR President Salih and his entourage]

[Text] President Li Xiannian held friendly talks with Yemen Arab Republic [YAR] President Salih this evening at the Great Hall of the People.

President Li said: On this visit, you will get acquainted with new leaders of our country, for example, Li Peng, acting premier of our State Council, who is a young and very knowledgeable comrade. He will meet with you tomorrow. Since our general secretary, Comrade Zhao Ziyang, is presently not in Beijing, you will not be able to meet him, but you will eventually meet him in the future. Of the old comrades of our generation, Comrade Xiaoping will meet with you tomorrow. He is healthier than I.

Referring to the Middle East and Gulf situation, President Li said: The Chinese Government and people have always shown sympathy with and supported the just cause of the Arab and Palestinian people and resolutely opposed Israel's policy of aggression and expansion.

Salih said: We have long looked forward to this visit. There is a profound traditional friendship between China and the YAR. The relations between the two countries are based on mutual respect, cooperation, understanding, and benefit. We expect to open up new areas for our friendly cooperation through the current visit.

Following the talks, President Li Xiannian hosted a banquet at the Great Hall of the People in honor of YAR President Salih and his entourage.

Li Xiannian Welcomes Salih

OW241116 Beijing XINHUA in English 1105 GMT 24 Dec 87

[Text] Beijing, December 24 (XINHUA)—President 'Ali 'Abdallah Salih of the Yemen Arab Republic arrived here this afternoon to start an official goodwill visit to China.

Salih is paying the visit at the invitation of Chinese President Li Xiannian.

Later in the afternoon, Li presided over a ceremony in the Great Hall of the People to welcome Salih, who is on his first visit to China since he became the president nine years ago.

Amid a 21-gun salute, Salih stepped into the Great Hall of the People, where he reviewed an honor guard of three services of the Chinese People's Liberation Army in the company of Chinese President Li Xiannian. Singing and Dancing, 200 youngsters expressed warm welcome to the visitors.

Present at the ceremony were Wu Xueqian, Chinese state councillor and foreign minister, and Zeng Xianlin, chairman of the Chinese Government Reception Committee and minister of light industry.

Also present were vice-premiers of the Yemen Arab Republic A.K. al-'Iryani, M.S. al-'Attar and M. Abu Shawarib, who are accompanying President Salih on the visit.

Salih Attends Soiree

OW251553 Beijing XINHUA in English
1508 GMT 25 Dec 87

[Text] Beijing, December 25 (XINHUA)—The visiting president of the Yemen Arab Republic 'Ali 'Abdallah Salih attended here this evening a soiree sponsored by the Chinese Ministry of Culture.

Salih and his party enjoyed a performance of songs, dances and [words indistinct].

This morning, Salih laid a wreath at the monument to the people's heroes.

In the evening, Salih conferred [word indistinct] the Diaoyutai State Guesthouse to former Chinese Ambassador to the Yemen Arab Republic Wang Ruojie and eight other Chinese to praise them for their contribution to the development of the friendship between the two countries during their work in the Arab Yemen.

Leaders Speak at Banquet
*OW241753 Beijing XINHUA Domestic in Chinese
1532 GMT 24 Dec 87*

[Text] Beijing, December 24 (XINHUA)—Chinese President Li Xiannian said here today that China has always observed a strict neutrality and an active reconciliation in the Iran-Iraq war. Countries should settle their disputes through peaceful consultations and should not resort to force, he said.

Speaking at a banquet in honor of the visiting president of the Yemen Arab Republic, 'Ali 'Abdallah Salih, this evening, Li said that the Iran-Iraq war has entered the eighth year and the gulf region has become one of the hot spots in the world.

"We sincerely hope that the parties concerned would judge the hour and size up the situation to implement United Nations Security Council Resolution No. 598 to end the war at an early date and to ensure that peace in the Gulf region could be preserved and the safety of the international navigation channels guaranteed," he said.

"The Chinese Government will, as always, do its part to help realize the goal," Li added.

Referring to the Middle East question, Li said, China will continue to oppose Israel's policy of aggression and expansion and to support the Arab people including the Palestinian people in their just struggle to recover the lost land and restore their national rights. He said China also supports the proposal for a peace conference on the Middle East question under the auspices of the United Nations.

Li praised the people of the Yemen Arab Republic for their remarkable achievements in preserving domestic unity and stability and in developing national economy and culture under the leadership of President Salih.

In international affairs, Li said, the Yemen Arab Republic has followed a policy of neutrality, nonalignment and good-neighbornliness and made an active contribution to strengthen the unity among Arab countries and to safeguard regional peace and stability.

On bilateral relations, the Chinese president said the peoples of China and the Yemen Arab republic have always sympathized with and supported each other since the two countries established diplomatic relations over 30 years ago.

"We have treasured our friendship and cooperation with the Yemen Arab Republic," he said, adding, "and we are willing to strengthen friendly relations and economic and technical cooperation between the two countries under the principles of equality and mutual benefit, stressing practical results, adopting various forms and achieving common development."

Li said he believes that the current visit to China by President Salih will add a new chapter to the annals of friendly relations and cooperation between the two countries.

Salih said his country has maintained continuously developing relations with China. "Our two countries have respected and trusted each other and developed mutual understanding," he said.

"We have placed high hopes on the relations between the two countries and hope the relationship will bring benefits to the cause of peaceful coexistence among different nations," he added.

Salih said the two countries share identical views on many issues with which various countries in the world are concerned. He spoke highly of China's support to the Arab cause, particularly to the Palestinian cause.

The Arab Yemen president called for the expansion of relations between China and the Yemen Arab Republic that will benefit the two countries and two peoples. The development of our bilateral relations depends on our mutually beneficial cooperation, he said.

He said the foreign policy of his country is based on the principle of nonalignment and his people believe in the sacred cause of safeguarding independence, freedom and sovereignty.

Salih reiterated his country's support to all efforts aimed at realizing world peace and nuclear disarmament, stopping militarization of outer space and settling disputes through peaceful means. He said the Yemen Arab Republic will pursue a policy of constructive cooperation that benefits mankind.

The visiting president said he felt deeply distressed over the continuation of the Iran-Iraq war, but he is satisfied with Resolution No. 598 unanimously adopted by the permanent members of the U.N. Security Council.

He said his country appreciates China's realistic and objective position on international issues and also its stance of welcoming the INF treaty signed by the United States and the Soviet Union.

Attending tonight's banquet were NPC Standing Committee Vice Chairman Ngapoi Ngawang Jigme; State Councillor and Foreign Minister Wu Xueqian; Minister

of Light Industry and head of the Chinese Reception Committee Zhen Xianlin; Minister of Public Security Wang Fang; and PLA Deputy Chief of General Staff He Qizong.

Li Peng Holds Talks With Sudanese Leader
*OW242330 Beijing XINHUA Domestic Service
in Chinese 1124 GMT 22 Dec 87*

[Text] Beijing, 22 Dec (XINHUA)—Li Peng, acting premier of the State Council, told Sudanese Prime Minister al-Sadiq al-Mahdi here today that China would continue to develop its existing friendly and cooperative relations with the Sudan.

Li Peng held formal talks with Al-Sadiq at the Great Hall of the People this morning. During the talks, the host and the guest profoundly and concretely discussed the two countries' future cooperation in economic, cultural, educational, and other fields.

The talks were held in a cordial and friendly atmosphere.

Al-Sadiq expressed satisfaction with the development of relations between the two countries. He said: "We share identical or similar views on many major international issues, and our economic cooperation is also growing day by day. All this has provided a sound foundation for the development of our bilateral friendly relations."

Al-Sadiq said: The Sudan attaches great importance to the experiences China has gained in various fields because China is engaged in its undertakings among one-fourth of the world's population.

Li Peng and al-Sadiq briefed each other on the domestic situation of and the tasks faced by their respective countries. On the situation and policy of nationalities and religious policy, Li Peng said: The Chinese Government always respects and protects the interests, traditions, and customs of minority nationalities, but it will never allow a handful of people to undermine the country's unity and unification and national harmony. The two leaders also exchanged views on the Middle East issue, the issue of South Africa, the Iran-Iraq war, and the Gulf situation. Li Peng highly praised the Sudan for its policy for peace, neutrality, and nonalignment.

Participating in the talks were Wu Xueqian, state councillor and minister of foreign affairs; Zhu Xun, head of the Chinese reception committee and minister of geology and mineral resources; and Foreign Minister Mamun Sinada and Al-Jalil, minister of trade, cooperation, and supply, who were accompanying Prime Minister al-Sadiq on the trip to China.

Li Peng Bids Al-Sadiq Farewell
*OW241110 Beijing XINHUA in English
1102 GMT 24 Dec 87*

[Text] Beijing, December 24 (XINHUA)—Sudanese Prime Minister al-Sadiq Al-Mahdi and his party wound up their China tour and left here for home this afternoon.

Prior to their departure Chinese Acting Premier Li Peng bid them goodbye at the Diaoyutai State Guesthouse.

Li told Al-Sadiq "Your visit has promoted friendship between the two peoples and the two countries' cooperation." He expressed the hope that the Sudan would become more prosperous and make greater contributions to peace in Africa and to the unity of the Arab world.

"This is also our determination," Al-Sadiq said.

Li presented a birthday cake and a flower basket to Al-Sadiq, whose birthday falls on tomorrow. Al-Sadiq thanked Li and cut the cake for Li and his entourage on the visit to share his joy.

Al-Sadiq and his party visited a division of the People's Liberation Army in the morning and toured the Great Wall in the afternoon.

Ambassador Pledges Support for Palestinians
*OW251938 Beijing XINHUA in English
1920 GMT 25 Dec 87*

[Text] Tunis, December 25 (XINHUA)—Chinese Ambassador to Tunisia Zhu Yinglu today pledged China's full support for the Palestinians' struggle against the Israeli repression in the occupied territories.

This came during the meeting in Tunis today between Zhu Yinglu and Yasir 'Arafat, the chairman of the Executive Committee of the Palestine Liberation Organization (PLO).

The Chinese ambassador strongly condemned the crimes committed by the Israeli authorities against the Palestinian residents on their territories and demanded that Israel stop immediately the persecution and repression against the Palestinian residents.

The PLO leader informed the Chinese ambassador of the latest developments of the just struggle of the Palestinians in general, and their resistance to Israel's atrocities in West Bank and Gaza Strip in particular.

'Arafat highly appreciated the Security Council's Resolution adopted on December 22 which condemns Israel's repression in the occupied territories.

The PLO chairman expressed his thanks for the support of the Chinese people and their government to the Palestinian people's struggle. He asked the ambassador to convey his message to Zhao Ziyang, general secretary of the Central Committee of the Chinese Communist Party.

Envoy Briefed by Palestinian Military Leader
OW250534 Beijing XINHUA in English
0051 GMT 25 Dec 87

[Text] Tripoli, December 24 (XINHUA)—Deputy Commander in Chief of the Palestinian Armed Forces Abu Jihad met here today Chinese Ambassador to Libya and briefed him on Israel's repression of the Palestinian in the occupied territories in the past two weeks.

In his talks with Ambassador Yang Hushan, Jihad praised the efforts made by China at the UN Security Council for the adoption of the resolution condemning the Israeli suppression of the Palestinians in the occupied West Bank and Gaza Strip.

He expressed the hope that China would further support the just cause of the Palestinians.

The Chinese ambassador during the talks reiterated China's unwavering support to the Palestinian people's just cause and its condemnation of the Israeli violent repression of the Palestinians in the occupied land.

Some 20 Palestinians have been killed and several hundred wounded by the Israeli soldiers since December 8 when the Palestinian uprising against Israeli occupation started.

Newspaper on Anniversary of Afghan Invasion
HK270744 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 27 Dec 87 p 6

[“Short Commentary”: “Judge the Hour and Size Up the Situation To Withdraw the Troops as Soon as Possible”]

[Text] The 8th anniversary of the Soviet invasion of Afghanistan falls on 27 December this year.

Eight years ago today, the Soviet Union sent tens of thousands of troops to unleash a lightning war against Afghanistan, trying to invade and occupy the country in one gulp and to turn it into a springboard in the interest of the Soviet strategy for a march south toward warm ocean. However, during the past 8 years, the Soviet Union has been staunchly resisted by the Afghan people. Instead of attaining its strategic target, the Soviets have paid a very high price for the aggression. This long-drawn-out and unjust war has been strongly condemned by the international community and has aroused discontent among the Soviet people. The Soviet Union has been beset with difficulties both at home and abroad and been caught in a dilemma.

To extricate itself from this passive position, the Soviet Union has repeatedly taken “peace” offensives since early this year. On the one hand, it has ordered the Kabul regime to put forward the so-called “national reconciliation” proposal aimed at “unilateral cease-fire” with the guerrilla and to send officials to sell the proposal in a score of countries. On the other hand, the Soviet Union has announced it will withdraw its troops from Afghanistan in 12 months, adopting a pose of troop withdrawal within a stated time. However, the Soviet Union and Kabul regime have never relaxed their efforts to attack the Afghan resistance forces. Sometimes, their attack has been even more vigorous. In the meantime, the Soviet Union has insisted that “no foreign intervention” be regarded as a precondition for troop withdrawal.

Everyone is clear that the key to resolving the Afghan problem politically lies in the complete troop withdrawal of the Soviet Union from Afghanistan in accordance with the UN resolutions. Leaders of the Afghan resistance movement have clearly pointed that as long as there is still one Soviet aggressor soldier on the soil of Afghanistan, they will not lay down their weapons. At the UN General Assembly this year, a resolution urging the Soviet Union to withdraw its troops from Afghanistan was passed by an overwhelming majority. This once again demonstrated the unshakable stand and clear-cut attitude of the international community toward the Afghan problem.

The experience of the past 8 years has shown that persisting in the war of aggression against Afghanistan will get the Soviet Union nowhere. The Soviet authorities should judge the hour and size up the situation to withdraw their troops from Afghanistan as soon as possible. Any delay in doing this will never be beneficial to the fair and reasonable settlement of the Afghan problem and will never be permitted by the Afghan people and by people throughout the world.

West Europe

‘Yearender’ Views Thatcher’s Third Term
OW271208 Beijing XINHUA in English
1121 GMT 27 Dec 87

[“Yearender: Britain Under Thatcher’s Third Term (By Xue Yongxing)”—XINHUA headline]

[Text] London, December 27 (XINHUA)—Britain continues to enjoy a stable political situation this year under the third government of Margaret Thatcher, but looks set to face a number of challenges in the new year.

Thatcher, who in January will become Britain’s longest-serving prime minister this century, has capped the year with a series of proposed radical reforms since winning a record third consecutive term of office last June.

Within little more than two months, the government has managed to push through four major contentious pieces of legislation in parliament, a pace rarely seen in British politics. The four bills are on education reform, housing, health and the so-called community charge.

The most controversial is the community charge, commonly known as the poll tax, designed to scrap the current domestic rates, a tax on property collected by local authorities to pay for services, and replace it with a flat charge on everyone over 18 years of age.

The Thatcher reforms, which aim to root out "socialism" in British society and turn Britain into a land of "popular capitalism", have been hailed by conservative supporters, especially among financial and big business circles. The pro-government SUNDAY TIMES commented in a November 22 editorial: "With the publication of (Education Secretary) Mr Kenneth Baker's education reform bill, the third phase of the Thatcher revolution is well and truly under way."

"The risks are high, as with any great endeavour, but so is the government's confidence," it added.

However, Thatcher's reforms have come under scathing attacks from the major opposition Labour Party, trade unions and other left-wing circles. They have accused the Thatcher government of trying to weaken or abolish Britain's welfare state system and widen the already growing gap between the rich and the poor.

Nevertheless, Thatcher is determined to carry on since her party has a comfortable majority of 101 in the 650-seat House of Commons and the opposition parties pose no immediate threat.

The Labour Party is undergoing a thorough review of its policies to adapt itself to Britain's changing reality, while the SDP-Liberal Alliance is locked in negotiations and debate over the planned merger of the two parties.

What helps Thatcher is the stability of Britain's economy. Latest government figures show that in the first nine months of this year, gross domestic product (GDP) was 5.2 percent up over the same period last year, the highest level since 1973. The manufacturing industry has recovered to the pre-recession level of the early 1970s. The government target for economic growth of four percent is expected to be obtainable at the end of the year, the fastest-growing rate among major European countries.

What is most heartening to the Thatcher government is a 17-month consecutive fall in its biggest headache—unemployment. The number of those out of work has dropped to 2.6 million, below 10 percent of the country's total work force, from its peak of some 3.4 million in January, 1986.

Inflation, though higher than last year's 3.4 percent, is expected to be contained within 4.5 percent.

Thanks to proceeds from privatization of national enterprises and a reduction in public expenditure, government finances have been in the black so far this year, with a surplus of 1.1 billion pounds (about two billion U.S. dollars) in November.

In exuberant spirits, Thatcher told the October conservative annual conference that the old Britain of the 1970s was gone. "We now have a new Britain, confident, optimistic, sure of its economic strength," she said.

In spite of a bit of obvious self-glorification, her remarks did reflect to a certain extent the economic situation in Britain which in turn helps her to stick to her guns.

As for prospects in the new year, political observers here say the conservative government is likely to face challenges.

Economically, most economic forecasts indicate growth as a whole will slow down from this year's four percent to around two percent next year, a figure much lower than the government's more optimistic prediction of between 2.5 to three percent. Meanwhile, current account deficit for the year is expected to total 2.5 billion pounds (about 4.5 billion U.S. dollars) and will worsen to 3.5 billion pounds (about 5.3 billion U.S. dollars) in 1988.

Inflation, despite its recent falls, is still unacceptably high and remains a headache for the government and a source of social instability.

Politically, the Tory government is becoming increasingly unpopular on issues such as health care, housing and tax reform. Recently, the state of the national health service caused an uproar throughout the country. More than 1,200 leading doctors and professors signed a petition to Thatcher calling for increased spending, warning that the health system has reached "a breaking point" under conservative rule.

On December 17, former conservative Prime Minister Edward Heath led the first major Tory backbencher "revolt" since the last general election against the government's poll tax bill. As a result, the Tory majority was cut from 101 votes to 72 as 17 conservative members of parliament voted against the bill, while 15 abstained.

They expressed worry about the possible damage the poll tax might inflict on the party, since it is to be introduced in 1990, just two years before the next general election is due.

Li Peng Says Defense To Be Maintained
*OW270138 Beijing XINHUA Domestic Service
in Chinese 1403 GMT 26 Dec 87*

[By reporter Xu Zhimin]

[Text] Beijing, 26 Dec (XINHUA)—Speaking today at a planning work meeting for 1988 on national defense science, technology, and industry, Li Peng, acting premier of the State Council, said: With the reduction in size of the Armed Forces, quantitatively there is less need for weapons, but there is a higher demand on their quality and performance. We must maintain a certain national defense capability that will play a significant role in safeguarding world peace and the security of the motherland.

In the speech, Li Peng affirmed the achievements made in national defense science, technology, and industry over the past few years and spoke highly of the comrades on this front, who have long worked under relatively hard conditions without receiving public attention, as genuine unknown heroes. Thanks to the comrades' joint efforts under the leadership of the Central Military Commission, he said, remarkable results have been achieved in the development and production of many advanced weapons. On behalf of the State Council, he thanked and saluted all comrades working on the national defense science, technology, and industry front.

Li Peng analyzed the current international situation. He said: The forces for peace in the world are growing. It is possible for us to win a fairly long-term peaceful environment for our large-scale modernization. Nonetheless, local wars have never stopped, and as one hot spot in the world fades away, another arises. We should not loosen our vigilance, and our military industry and national defense science research and production should still be maintained at an appropriate level in order to serve the needs of national defense modernization.

Li Peng said: Since ours is still a developing country at the initial stage of socialism, we cannot appropriate more funds to support scientific research in national defense. Our funds for this purpose can only increase with the development of our national economy and the growth of our financial capability. In view of this, we need careful calculation and good planning so greater results will be derived from the limited funds.

With regard to reforming the system of military industry, science, and technology, Li Peng said: Implementing the contract system and changing the previous practice of eating from the big common pot are a major reform that I hope will be continued. Because of the reduced task for making military items, the whole military industry front is faced with the need to switch from military to civilian products. This is required by the development of the situation. Many military industrial units have already done so and achieved considerable success. However, it

is still necessary to attach importance to national defense science research and the production of military items in arranging and planning work.

The planning work meeting for 1988 on national defense science, technology, and industry ended today.

Jiang Qing Reported Released From Prison
*HK280333 Hong Kong HONGKONG STANDARD
in English 28 Dec 87 p 1*

[By Kathy Chan and AGENCIE FRANCE-PRESSE]

[Text] Chairman Mao Zedong's widow Jiang Qing, under life sentence for persecuting Chinese officials during the Cultural Revolution, has been released from prison.

The Hong Kong-based FAR EASTERN ECONOMIC REVIEW said in its latest issue that Madam Mao, a member of the "Gang of Four" which ran China in the last years of the Cultural Revolution period from 1966 to 1976, is currently living in a villa in the suburbs of Beijing.

She is in poor health, the magazine reported.

The other three members of the "gang"—Yao Wenyuan, Wang Hongwen and Zhang Chunqiao—may also be released soon, the REVIEW added.

A Beijing municipality official, Mr Qi Wenming, said however that he knew nothing about Madam Mao being released from prison.

And a Justice Ministry official in Beijing added: "I can neither confirm nor deny it."

Madam Mao, 73, the fourth wife of the late Chairman Mao, was reported late last year by the WEEKLY DIGEST, an Anhui Province publication, to be undergoing treatment for throat cancer in a high-class private ward in a Beijing Hospital.

Earlier this year a spokesman for the Minister of Public Security denied reports that Madam Mao had been released from prison and was spending her last days at her daughter's home in suburban Beijing. He said Jiang Qing was suffering ailments "just like other old people" and was "serving her jail term normally".

The Minister for Public Security, Mr Ruan Chongwu, told reporters earlier last year that Madam Mao was being held in Qincheng Prison, 50 km north of the capital.

He said she was in "good health" and spent her time "reading books and newspapers."

Madam Mao, a former Shanghai actress, was known by her stage-name Lan Ping (Blue Duckweed), prior to taking the name of Jiang Qing (Green River) when she married Chairman Mao in 1939. There have been reports that the name change was at the behest of her new husband.

For the first 30 years of their marriage, Jiang was a "locked-in wife, accorded none of the honours rightfully due the first lady of China.

She was kept out of sight apparently because of her "sordid" youth. Over the years she was the centre of much gossip which reported her as having had affairs with a staggering number of men before she married Mao.

It was not until August 16, 1966, that Jiang Qing made her first major public appearance. She gave a speech to one million Red Guards in Tienanmen Square—an opening salvo of the Cultural Revolution.

Afterwards, with her theatrical and operatic experience to help her, Jiang Qing rose to great heights on China's political stage, becoming co-chairman of the revolution along with former defence minister Lin Piao.

She later associated with her three male colleagues to form the so-called Gang of Four, allegedly to make herself the "first empress of a socialist state".

The Gang of Four, according to some accusations, caused the murders of more than 34,000 people and persecuted hundreds of thousands of others, including late Government Chairman Liu Shaoqi, senior leader Deng Xiaoping and several ranking Communist Party Politburo members.

The four were arrested in October 1976, a month after Chairman Mao's death.

They were sentenced in January 1981, following China's trial of the century, a televised drama which ended with a handcuffed Jiang Qing being dragged from the courtroom screaming, "Long live the revolution".

Jiang Qing, after serving her two-year suspended death sentence, was commuted to life imprisonment in 1983.

Justice Ministry Denial

HK280606 Hong Kong AFP in English 0554 GMT
28 Dec 87

[Text] Beijing, Dec 28 (AFP)—The Justice Ministry here Monday denied reports that Mao Zedong's widow, Jiang Qing, was released from the prison where she is serving a life sentence for her role in China's Cultural Revolution.

"To our knowledge, such a thing has not occurred," a Justice Ministry spokesman said, commenting on a report in the latest issue of the Hong Kong-based FAR EASTERN ECONOMIC REVIEW.

The weekly said Madame Mao was currently living in a suburban Beijing villa.

Despite the denial, western analysts did not discount the possibility that she may have been secretly taken from her prison to be put under house arrest.

But they excluded an actual release of Mme. Mao, jailed for her actions as a member of the radical "Gang of Four" that ran China during the last years of the 1966 to 1976 Cultural Revolution.

Publicizing the release of a person such as Mme. Mao, who is disliked by most Chinese, could provoke popular shock and indignation, observers here said.

The magazine said Mme. Mao, 74, was in poor health, and added that the three other members of the "Group of Four"—Yao Wenyuan, Wang Hongwen and Zhang Chunqiao—could also be released soon.

The four were arrested after Mao's death in 1976 and convicted in 1981 for persecuting party and state officials in a bid to usurp power.

Mme. Mao was sentenced to death with a two-year stay of execution, but this was commuted to life imprisonment in 1983.

HONGQI Publication Said To Continue

HK250214 Hong Kong HONGKONG STANDARD
in English 25 Dec 87 p 1

[by Chan Wai-fong]

[Text] Beijing is to close down the Communist Party's authoritative theoretical journal, the RED FLAG, the local pro-Beijing newspaper, WEN WEI PO, reported yesterday.

The decision had already been circulated within the party, the report said.

However, in a telephone interview with THE STANDARD yesterday, RED FLAG deputy editor-in-chief Mr Su Xing said the journal would be published as usual.

"There will be an advertisement for the January edition on the PEOPLE's DAILY on December 31 or January 1. The publication will be out on the street as usual," he said.

Mr Su took charge of the journal in September, when the former editor-in-chief, Mr Xiong Fu, "retired" from office.

Mr Xiong's removal was widely believed to be a manoeuvre by reform-minded leaders to harness the propaganda machine. It was also a prelude to the scrapping of the journal, some said. Mr Su declined to comment on the WEN WEI PO report. "All I can tell you is that the journal will be published as normal," he said.

He had no knowledge about the possible closure of the journal, he said.

According to the WEN WEI PO report, some of the journal's staff will be transferred to the Central Party School while others will have to find jobs elsewhere.

The newspaper said detailed arrangements for the staff after closure were yet to be finalised.

Speculation that the journal would be shut down has been rife for the past three months. During that time a number of proposals for its future surfaced.

Suggestions included: combining the journal with the Central Party School's publication, the THEORY MONTHLY; moving the journal to the Party School or the Propaganda Department; and a shakeup of the journal's leadership.

Mr Su said none of those suggestions was considered.

The RED FLAG was first published in June 1958. It has long been controlled by the two conservative leaders, Mr Hu Qiaomu and Mr Deng Liqun. Both were not re-elected to the party central committee during the 13th national party congress.

Mr Xiong had been the editor-in-chief since 1979 and was accused of staging a battle to purge liberals in artistic and literary circles.

Spokesman Denies Disbanding
HK250310 Hong Kong MING PAO in Chinese
25 Dec 87 p 6

[Special dispatch: "HONGQI Says No Instruction on Disbanding the Journal Has Been Received"]

[Text] A spokesman for HONGQI, the official journal of the CPC Central Committee, has said that no instruction on disbanding HONGQI has been received and that all of the journal's personnel are still working normally. Yesterday, some Hong Kong newspapers reported that the top leadership of the CPC has decided to disband HONGQI and that a relevant circular has been issued inside the party.

The HONGQI spokesman did not want to comment on the report about the disbandment of the journal.

Some personnel changes in HONGQI's editorial board were made last summer. Xiong Fu, former editor-in-chief of HONGQI, was then a member of the party

Central Committee, but he failed to be reelected at the recent 13th Party Congress. Xiong Fu and deputy editor-in-chief Ma Zhongyang were removed from office, and deputy editor-in-chief Su Xing took over the responsible post on a temporary basis.

HONGQI is regarded as a propaganda organ of CPC conservatives. It is believed that the personnel changes last summer were closely related to the party's adjustment of propaganda and ideological work. While the HONGQI editorial board was being reshuffled, the research office controlled by Deng Liqun, then a secretary of the CPC central Secretariat, was also disbanded. It is said that at that time Xiong Fu was also answerable to Deng Liqun.

In May when speaking at a journalist and propaganda work conference, Zhao Ziyang fiercely criticized ultra-leftist ideas. After that, Hu Qili, on behalf of the party central Secretariat and in place of Deng Liqun, attended another meeting of the responsible people of propaganda organs. During the preparations for the 13th Party Congress, Hu Qili was authorized to take charge of propaganda work. The 13th Party Congress elected Zhao Ziyang general secretary of the party Central Committee, and Hu Qili became a member of the Standing Committee of the Central Committee's Political Bureau and remained in charge of propaganda and ideological work.

It was rumored during this period that HONGQI would be reformed. And if it were not disbanded, it would not continue to be an organ at the central department's level. Maybe, it would be merged with LILUN YUEKAN [THEORY MONTHLY], a journal run by the central party school.

HONGQI was first published in June 1958, and has always been the official journal of the CPC Central Committee.

Publishing 'As Usual'
HK260622 Hong Kong AFP in English 0602 GMT
26 Dec 87

[Text] Beijing, Dec 26 (AFP)—The theoretical magazine RED FLAG will be published as usual for the time being, an official said here Saturday, following reports that the Communist Party bi-weekly was to be closed.

"There are currently several theoretical magazines. The question of how to organise them to apply the tasks (laid down) by the 13th (Communist Party) congress is currently being studied. For the moment, RED FLAG will appear as normal," a spokesman for the Communist Party's liaison department said.

The spokesman was responding to a question from AGENCIE FRANCE-PRESSE asking him to confirm or deny a report in WEN WEI PO, a Hong Kong newspaper considered close to the party hierarchy, that the magazine was to be closed.

"The 13th party congress paid great attention to theoretical work. This must be strengthened in future," the spokesman added.

The party congress, held in late October, saw the retirement of several of the old guard among China's leadership to make way for younger men. It also pledged to accelerate current economic reforms.

A spokesman for RED FLAG said Friday only that the next issue would come out as planned on January 1, and editors refused to confirm or deny whether it was to be closed down.

Red Flag, which is seen as unenthusiastic about China's reform programme, was founded in 1958 and is the party's leading ideological magazine.

'100 to 200' Students March Urging Justice
*HK260816 Hong Kong AFP in English 0814 GMT
26 Dec 87*

[By Pierre-Antoine Donnet]

[Text] Beijing, Dec 26 (AFP)—Students of a Beijing University have taken to the streets for the second time in a month, in a protest over the murder of a colleague and the slowness of the law in dealing with the culprits, a reliable source said here Saturday.

The demonstration on Thursday involved some 100 to 200 students, the source said. They were stopped by police and the students were escorted back to their campus, he added.

An official at the Beijing Teacher's School Saturday confirmed that the demonstration took place, but said it grouped less than 30 students who wanted to march to Beijing's city hall to hand in a letter demanding immediate justice for the murder of their colleague earlier this month.

"There were less than 30 students. They were stopped because they hampered traffic. They wanted to demand a strong and immediate punishment for the murderers," he said over the telephone.

Police have arrested several persons accused of the murder, he added.

The demonstration was the second in Beijing in less than a month and the second since a series of student demonstrations for more freedom and democracy shook at least 20 large Chinese cities late last year.

More than 1,000 students from the International Trade Institute demonstrated in Beijing's city centre on December 7 to protest the murder of another student on their campus. They succeeded in reaching the Foreign Trade Ministry and seeing Minister Zheng Tuobin. The killer was sentenced to death on December 23.

Thursday's demonstration, although with no apparent political motive, underlined the fragility of the situation on campuses despite attempts by authorities to stop student protests since last year, observers said.

Between 100 and 200 students left the campus Thursday afternoon and had marched three kilometers (1.8 miles) towards the city centre, 10 kilometers (six miles) away, when they were stopped by a sizable police force and escorted back to campus, the informed source said.

Police had been alerted by university teachers as soon as the students stepped outside the campus, the source said, adding that the security forces immediately deployed to prevent them from reaching the city centre.

Zhan Dongwen, a Communist Youth League official at the Beijing Teacher's School, said over the telephone that the students, all of them from the Arts Department, wanted to go to the "concerned departments" to find out how the murder of their colleague was being handled.

"Police talked to them. They are now satisfied and attend their courses normally," he said. None of them were punished, he added.

Tens of thousands of students demonstrated all over China in December 1986 and January 1987 for more freedom and democracy in the first such unrest since the end of the 1966-76 Cultural Revolution. The outburst led to the disgrace of then Communist Party chief Hu Yaobang amid an acute political crisis.

By a combination of threats and persuasion, the communist authorities restored calm on campuses and banned street demonstrations except those specifically authorized by police.

But despite the apparent calm, last year's unrest has marked China's youth which became aware of its strength, and, despite a more liberal tendency in the regime since the party congress in October, a new student explosion cannot be excluded, western diplomats said.

Column Views CPC Party Style Meeting
*HK250558 Hong Kong TA KUNG PAO in Chinese
25 Dec 87 p 2*

[("Political Talk" column by Shih Chun-yu (2457 0689 3768); "The CPC Central Committee Holds a Meeting on the Situation of Party Style"]

[Text] How To Look at Party Style Problems [subhead]

Recently, CPC Central Committee General Secretary Zhao Ziyang convened a discussion meeting on the current conditions of party style. The meeting pointed out that there are now two incorrect assessments of the situation. One overestimates the seriousness of the problems and holds that the party style at present is worse

than at any other time as a result of the reform and opening up. The other underestimates the seriousness of the problems by merely stressing the achievements of the reform and opening up to the neglect of the malpractice and bureaucratism inside the party. Neither is an objective point of view. The meeting held that it is necessary to hold an objective viewpoint on the party style problems and to realistically evaluate the situation.

Overseas People Are Also Concerned About the Party Style [subhead]

The issue of party style is indeed an issue that many people at home and abroad, including many Overseas Chinese and Hong Kong and Macao compatriots, are concerned about. Many people living overseas are perplexed over the situation, and their feelings are mixed when making visits to the motherland. They may find many gratifying changes brought about by the reform and opening up, but may also encounter many corrupt things. In the past 2 years, many opinion polls were conducted in China that found that most people supported reform and opening up. At the same time, however, they were worried about the malpractice among some cadres, particularly the phenomena of using official powers and functions to seek private gain. Some cadres who have powers and privileges have taken advantage of opportunities in the course of the reform and opening up and leagued together to accumulate ill-gotten gains for themselves. They have even counted on "powerful backers" to retaliate against people who dared expose their evil conduct. The public feels most resentful about this.

This Must Not Be Neglected Even Though It Just Involves a Small Number of People [subhead]

The malpractices of a small number of cadres that corrupted the party style certainly could not be concealed from the masses of their work units. Although very few party members and cadres have dared to be so perverse as to do things to benefit themselves and harm the public interest, they have caused very bad chain reactions and consequences that must not be neglected. If party discipline is not strictly enforced, the image of the party will certainly be worsened among the masses, and the party will gradually lose the people's trust. Therefore, the small number of party members involved in irregular and corrupt practices must be severely disciplined and punished according to the law, and such actions must not be tolerated. In a word, all party members must be subject to the binding force of party discipline, and they must be equally treated like all other ordinary people before the law.

Managing the Party by Relying on the Systems and Reform [subhead]

The discussion meeting also pointed out that the settlement of the party style problems cannot rely on any political movement, but should rely on reform and the construction of various systems. This shows that a major step forward has been taken.

The construction of various systems is a major part of the political structural reform. A good system will enable the party discipline organs and law enforcement organs to more effectively supervise party members and will enable the public and the opinion media to exercise supervision over party members and prevent them from abusing their official powers.

The meeting emphasized that it is necessary to resolutely purge depraved elements from the party, and at the same time continuously improve the political and moral quality of all party members. The masses should be encouraged to help party organizations straighten out their style. This is the key to dealing with matters in this regard. Only by building up perfect systems can perverse cadres be exposed and punished.

Separating the Party From the Government Is a Major Reform Measure [subhead]

The moral degeneration of some party members and cadres at the grass-roots level and bureaucratic mistakes are, to a large part, related to the quality of party members. Party organizations should not merely recruit a large number of new members, but should pay more attention to guaranteeing the quality of party members, and strengthen ideological education among them.

The improvement and consolidation of the party style has a bearing on the success or failure of the reform, opening up, and economic invigoration. After the 13th Party Congress, a major reform step is to separate the party from the government, and to introduce a civil service system. This is a fundamentally effective measure to improve party style. The fulfillment of this reform measure will greatly reduce corrupt practices inside the party.

Leaders To Receive Marxist Instruction

OW261106 Beijing XINHUA in English 1044 GMT
26 Dec 87

[Text] Beijing, December 26 (XINHUA)—About 20,000 high and middle-ranked political leaders in China are to be sent back to school over the next five years to bone up on their Marxist theory.

They include provincial and prefectural party committee secretaries, governors, mayors, governmental ministers and directors, and army commanders throughout the country.

The announcement was made today by Gao Yang, president of the Central Party School.

Gao said that since many young and middle-aged cadres have taken leading posts in recent years, it is imperative to help them have a good grasp of Marxist theory.

The 78-year-old president said more attention should be paid to integrating Marxist theory with the real situation in China today.

He said the school may open short training courses for cadres to study such key questions as party building and economic restructuring.

The school will focus on problems emerging in China's economic construction and reforms and try to find answers based on Marxist principles.

Gao took over as president nine months ago. Before he had been first secretary of the Hebei Provincial Committee of the Chinese Communist Party following 1982.

In the past three years about 4.2 million leaders at various levels have completed thorough readings of Marxist philosophy, political economy, scientific socialism and the history of Chinese revolution.

The school together with the central party's organization and propaganda departments, have been asked by the central party committee to draw up a detailed plan for on-the-job training of political leaders.

Zhao Ziyang Greets Daily's Anniversary
OW272321 Beijing XINHUA Domestic Service in Chinese 1515 GMT 24 Dec 87

[Text] Beijing, 24 Dec (XINHUA)—JINGJI RIBAO marked its 5th founding anniversary at a reception held in Beijing today. Zhao Ziyang, general secretary of the CPC Central Committee, sent a letter to the paper on 17 November to extend his warm congratulations. Zhao Ziyang said in his letter, "I hope you will persist in carrying out reform, continue to bring forth new ideas, and make the paper more dynamic and profound with greater distinctive characteristics so as to make ever greater contributions to the propagation and implementation of the guidelines of the 13th Party Congress and to the promotion of China's socialist construction and reform in all spheres!"

Founded in 1983, JINGJI RIBAO is a national multi-purpose paper with emphasis on economic matters. The paper now has a circulation of 1.4 million. With courage to handle "hot, touchy subjects" since its publication several years ago, the paper has never stopped trying to explore new areas of reporting and has gradually established distinct characteristics.

Li Ximing, Geng Biao, and Chen Muhua were present at today's reception.

Li Peng Head of Foreign Affairs Group
HK250230 Hong Kong WEN WEI PO in Chinese 25 Dec 87 p 1

[By WEN WEI PO reporter Liu Jui-shao (0491 6904 4801): "Li Peng Replaces Li Xiannian as Head of the Foreign Affairs Leading Group"]

[Text] Beijing, 24 Dec—According to well-informed sources, Li Peng has replaced Li Xiannian as head of the leading group for foreign affairs. Wu Xueqian has become deputy head.

According to the plan for streamlining the administrative structure, like the other institutions, some leading groups of the central authorities will be abolished or merged with the groups of the NPC or the State Council in light of actual conditions.

Li Peng, Hu Qili Cut Subway Opening Ribbon
OW250613 Beijing XINHUA in English 1632 GMT 24 Dec 87

[Text] Beijing, December 24 (XINHUA)—The Beijing subway roundabout line, one of the key projects of the subways near downtown areas, opened to traffic today, linking the capital's two underground railways in a round-the-city run.

Acting Premier Li Peng and Hu Qili, standing member of the Political Bureau of the Chinese Communist Party Central Committee, cut the ribbon for today's opening ceremony. As the first passengers on this line, the two leaders toured the 385-meter roundabout rail by train.

Construction of the project began on August 15, 1986, and caused no disruption to traffic and pedestrians because of a new method of underground digging.

The new roundabout rail will increase total passenger capacity of the Beijing subway from 550,000 passengers to 850,000 a day and will [word indistinct] alleviate the strain on traffic in the Chinese capital.

Li Peng Discusses Machine-Building Industry
OW261906 Beijing XINHUA in English 1458 GMT 26 Dec 87

[Text] Beijing, December 26 (XINHUA)—China has to speed up the development of its machine-building industry that provides equipment for other sectors of the national economy. China's acting Premier Li Peng made these remarks at a conference on the national machine-building industry, which closed here today.

Li said, "China has established a comparative machine-building industry. Its growth mainly relies on how to turn out more varieties and improve the product quality."

According to him, China will continue to import advanced equipment from abroad, but the country has to pay much attention to developing new products.

"Efforts must be made to change as soon as possible the situation in which China imports many machinery products by exports little," he stressed.

"The country should export more complete sets of equipment rather than spare parts and develop import substitutes," he said.

He urged that China's machine-building industry should be combined more closely with the electrics industry.

Li Peng, Tian Jiyun Meet Forum Conference
*OW280856 Beijing XINHUA Domestic Service
in Chinese 1506 GMT 23 Dec 87*

[By reporter Zhou Lixian]

[Excerpt] Beijing, 23 Dec (XINHUA)—A national forum on the work of government computer information was held in Beijing between 21 and 23 December. Li Peng, member of the Standing Committee of the CPC Central Committee Political Bureau and acting premier of the State Council; Tian Jiyun, member of the CPC Central Committee Political Bureau and vice premier of the State Council; and other leading comrades received comrades attending the forum at Zhongnanhai this afternoon and had a group picture taken with them.

This was the first national meeting on the work of government computer information. Responsible persons in charge of computer information work in various provinces, autonomous regions, municipalities directly under the central government, cities with independent economic decisionmaking authority, and departments under the State Council attended the forum. [passage omitted]

Li Peng Inaugurates Telecommunications Bureau
*OW280443 Beijing XINHUA Domestic Service
in Chinese 1253 GMT 23 Dec 87*

[Excerpts] Beijing, 23 Dec (XINHUA)—The Beijing International Telecommunications Bureau started operation today after passing the state appraisal test. Acting Premier Li Peng cut the ribbon at the inauguration ceremony. [passage omitted]

Investment for the entire project was 48.51 million yuan.

During his inspection of the bureau's communications equipment, Li Peng, showing much interest in the equipment, used a direct-dial telephone to call Xu Jiatun, director of the XINHUA office in Hong Kong, and Han Xu, Chinese ambassador to the United States, to extend regards to the comrades of the XINHUA branch office in Hong Kong and to Chinese students studying in the United States. [passage omitted]

The operation of the telecommunications bureau will do much to reduce the strains on international telecommunications in Beijing.

After inspecting the bureau, Li Peng said: It is imperative to develop international telecommunications because China is trying to achieve modernization through reform and opening to the outside world. The operation of the Beijing International Telecommunications Bureau only marks the beginning of modernization in telecommunications. I hope China can speed up the development of its telecommunications service so as to strengthen its ties with the entire world. At the same time, efforts should be made to manufacture communications equipment domestically so as to popularize it throughout the country.

According to a briefing by an official of the Posts and Telecommunications Ministry, with the operation of the Beijing International Telecommunications Bureau, China will open direct-dial telephone services with more than 100 countries and regions of the world in the (first) quarter of next year. China currently has direct telephone service with only 19 countries and regions.

Yao Yilin Addresses Car Production Meeting
*OW271305 Shanghai City Service in Mandarin
2300 GMT 25 Dec 87*

[From the "Morning News" program]

[Summary From Poor Reception] Yao Yilin, member of the Standing Committee of the CPC Central Committee Political Bureau and vice premier of the State Council, addressed a Shanghai meeting on domestic production of cars, which concluded on 25 December.

Shanghai Mayor Jiang Zemin also delivered a speech at the meeting. After analyzing the development of automotive industry in the municipality, he said: "Shanghai has listed sedan production as one of its six pillar industries. There are both shortcomings and favorable conditions in Shanghai. We should not underestimate our own capabilities. If the whole municipality is mobilized, there will be quite a number of technical personnel for developing this industry."

Thirty-four factories making car accessories and parts received certificates for quality products issued by the Shanghai Volkswagen Company.

"Others attending the meeting on 25 December were responsible persons from the departments concerned, including (Zhou Zijian), Zhu Rongji, (Chen Gutao), Huang Ju., and Li Zhaoji."

Tian Jiyun Hears Report on Tobacco Work
*OW280417 Beijing XINHUA Domestic Service
in Chinese 1415 GMT 23 Dec 87*

[Excerpts] Beijing, 23 Dec (XINHUA)—The China National Tobacco Corporation has decided to double the output of 30 famous brands of fine quality cigarettes in 3 years. This was announced by Ma Erchi, deputy manager of the corporation, at a national conference on tobacco work, which ended today.

The plan to increase output was made upon the suggestion of central leading comrades. Ma Erchi said: The famous-brand cigarettes are broadly welcomed on the market. Besides, they far exceed other ordinary cigarettes in providing revenue to the state. [passage omitted]

Bai Meiqing, deputy secretary general of the State Council, addressed today's closing conference. Vice Premier Tian Jiyun heard a report during the conference.

Yang Rudai on Social Science Research
*HK260755 Beijing GUANGMING RIBAO in Chinese
10 Dec 87 p 2*

[Report by Yu Changan (0151 7022 1344): "Yang Rudai Points Out the Way To Make Social Science Research Flourish: Integration of Social and Natural Sciences and Integration of Theoretical and Practical Work"]

[Text] CPC Central Committee Political Bureau member and concurrently CPC Sichuan party committee Secretary Yang Rudai evaluated highly the practice of the Sichuan Academy of Social Sciences in conducting omnidirectional lateral combination at various levels, with natural science research institutes and practical work departments playing a counseling and assisting role in economic construction and structural reform over the past 8 years. He said: "The integration of social and natural sciences and the integration of theoretical and practical work is the inevitable way to make social science research flourish and the basic orientation of theoretical work." Yang made the above statement at the academic symposium on the strategy for the development of the Southwestern Economic Zone.

The Sichuan Academy of Social Sciences has actively carried out combination with the Chengdu branch of the Academy of Social Sciences of China and departments directly under the jurisdiction of the provincial authorities over the past 3 years. It has given full play to the advantages of the overlapping of multiple branches of science and intellectual groups to unfold theoretical research by linking it to economic construction and structural reform. More than 10 research reports have been produced, with most of them adopted, thus providing sound theoretical grounds for decisionmaking in economic matters by the central authorities and various provinces and regions in southwest China. The reports in

question include "Comprehensive Investigation on Territory Resources in Southwest China and a Study on the Strategy for Their Development," "Three-dimensional Agricultural Planning for Miyi County," "Strategy for the Economic Development of Xide County," and "Investigation on Territory Resources in Southern Sichuan." According to Yang Rudai, the practice of the Sichuan Academy of Social Sciences has demonstrated that it is imperative to take the road of integrating with the natural sciences and integrating with practical work, if the social sciences are to be developed and acknowledged by society.

Yang Rudai said: "The unification of social and natural sciences is a developing trend of science today. According to Comrade Zhao Ziyang in his report to the 13th Party Congress, it is necessary to put the development of science, technology, and education in the first place and to shift economic construction into the orbit of relying on the progress of science and technology as well as improving the quality of workers. Here, it is certain that both social and natural sciences are included in the concept of science and technology. In matters regarding strategic decisionmaking, management, and operation, the social sciences should play a still greater role. Therefore, comrades in the field of the social sciences will have much to accomplish. Party committees and government departments at all levels should attach great importance, and give full play to the important role of the social sciences in economic construction, reform, and opening to the world, as well as in the building of socialist civilization. We hope that theoretical workers will also give full play to their own advantages to make more and better proposals in the building of the two civilizations, and to become good counselors and assistants to the party and government."

In conclusion, Yang Rudai stressed: "Reliance on the progress of science and technology and the correct formulation and implementation of industrial policies will be an important task for our governments at all levels in managing economic work. We hope that all comrades who are engaged in social science research will continue to do a good job as counselors and assistants, and to provide the party and government with more theoretical grounds and plans for implementation. It is fine that the Sichuan Academy of Social Sciences has recently proposed a "prairie fire project," in which scientists and technicians, as well as managerial personnel, would be organized over a whole range to go down to the countryside to initiate and to run enterprises in towns and townships under contract or through lease. We hope that all theoretical workers will boldly unfold theoretical research to open up new ways to build socialism with Chinese characteristics in accordance with the general task as proposed by the 13th Party Congress."

Yang Rudai Stresses Importance of Sports
*OW271441 Beijing XINHUA Domestic Service
in Chinese 1512 GMT 21 Dec 87*

[Text] Chengdu, 21 Dec (XINHUA) — Yang Rudai, member of the Political Bureau of the CPC Central

Committee and secretary of the Sichuan Provincial CPC Committee, spoke at a victory-celebration meeting held today by the Sichuan Provincial People's Government for Sichuan's sports delegation to the Sixth National Games. He called on the party committees and governments at all levels in Sichuan Province to further improve physical culture work and actively promote sports among the public in the course of accelerating and deepening reforms.

Yang Rudai said: The 13th National Party Congress has pointed out the need to make economic construction rely on scientific and technological progress and on improving the quality of the work force. Physical culture is an important undertaking to make the country and the people strong and a positive factor for improving the quality of the work force, as well as an important part of the spiritual civilization. Therefore, the party committees and governments at all levels should attach even more importance to physical culture work, and bring into play the leading, coordinating and supervising role of the physical culture and sports commissions. All departments, trades and organizations should include physical culture in their daily agenda and make efforts to promote it. In particular, the education departments at all levels and all schools should seriously improve the physical culture for youngsters in order to lay a good foundation for improving the people's physique and training outstanding athletes.

Yang Rudai said: The Seventh National Games will be held in Sichuan in 1993. This shows the trust placed in Sichuan Province by the party Central Committee and the State Council, and is an encouragement to us. To host the Seventh National Games well is the common aspirations of all the people in Sichuan.

The people throughout our province will be relied on in hosting the Seventh National Games. It is a joint undertaking of the whole province, and we should mobilize the whole society for it. All fronts and all quarters should make positive contributions for it.

While Sichuan is preparing for hosting the Seventh National Games, Yang Rudai urged the province to seriously learn from the experience of Shanghai Municipality and Guangdong Province in hosting the national games. He said: We should particularly draw on the experience of Guangdong Province in carrying out reform to improve the overall situation. Under the conditions of socialist commodity economy, we should consider Sichuan's reality and try to use the methods of commodity economy to host the national games well and promote the development of commodity economy and other undertakings in the province.

In conclusion, Yang Rudai called on the comrades in Sichuan's sports circle to follow the guidance of the 13th National Party Congress, actively promote physical culture in the society in the course of accelerating and deepening reform, strive to raise the level of sports skills,

make persistent efforts to win greater honor at the Seventh National Games, and make new contributions to developing socialist physical culture and promoting the building of socialist material civilization and spiritual civilization in Sichuan.

Chen Yun, Others Mourn Deceased Comrade
*OW280940 Beijing XINHUA Domestic Service
in Chinese 1605 GMT 23 Dec 87*

[Excerpt] Beijing, 23 Dec (XINHUA)—A ceremony was held in Beijing on 15 December to pay last respects to the remains of Comrade Zhong Ping who was an outstanding member of the CPC, a veteran of the Red Army, and vice chairman of the Fourth Jiangxi Provincial CPPCC Committee. The ceremony took place at the auditorium of the Babaoshan Cemetery of Fallen Revolutionaries.

Chen Yun, Cai Chang, Xiao Ke, Fang Yi, Zhang Jingfu, Zhang Aiping, Kang Keqing, Yang Chengwu, Chen Zaidao, Lu Zhengcao, and others sent wreaths. Various leading organs of Jiangxi Province and departments concerned, including the Ministry of Chemical Industry and the Organization Department of the CPC Central Committee, also sent wreaths.

Comrade Zhong Ping was a native of Jiangxi's Xingguo County. [passage omitted]

Li Xiannian at Satellite System Inauguration
*OW262216 Beijing XINHUA in English 1052 GMT
26 Dec 87*

[Text] Beijing, December 26 (XINHUA)—The system that will receive and process signals from China's first meteorological satellite to be launched before 1990 has been completed.

China's President Li Xiannian attended the ribbon-cutting ceremony and toured the central facility after it passed the state accreditation.

The computerized system will process data not only from China's soon-to-be-launched polar-orbit meteorological satellite but from foreign satellites, too.

China has been processing data from foreign satellites since the early 70's.

But to obtain quicker and more extensive global weather information China decided to launch one of its own.

The system is composed of a satellite weather center and three ground stations in Beijing, Guangzhou and Urumqi. Work on it began in 1980.

Experts at the accreditation said the system will bring a modern face to China's meteorological service.

The system can collect data from three polar-orbit meteorological satellites and then transmit it by microwave and communications satellites to the center in Beijing for processing.

A picture of clouds and other data will develop the weather report necessary for ocean shipping, water control and civil aviation.

Fang Yi Addresses Nonferrous Metals Meeting
*OW280345 Beijing XINHUA Domestic Service
in Chinese 1420 GMT 23 Dec 87*

[By Reporters Zhao Mingliang and Wang Jiyu]

[Text] Beijing, 23 Dec (XINHUA)—We have learned from an ongoing national conference of the nonferrous metals industry that while deepening reforms, our nonferrous metals industry has nearly doubled its profits and taxes delivered to the state; the profits retained by the enterprises under the China Nonferrous Metals Industry Corporation have quadrupled, increasing from 240 million yuan to 950 million yuan; and annual per capita income has also doubled, increasing from 937.30 yuan to 1,802 yuan.

Fang Yi, state councillor and honorary president of the China Society of Nonferrous Metals, addressed the conference today. After fully affirming the achievements made by the nonferrous metals industry over the past 5 years, he expressed the hope that large numbers of cadres, workers, and staff members will make persistent efforts to promote production and scientific research through reform; further improve economic results; and have the production of the nonferrous metals industry meet the needs of our developing national economy as soon as possible.

It is learned that nonferrous metals industry enterprises have increased their vitality by instituting and improving various forms of the managerial contract responsibility system. As a result, the nonferrous metals industry's increases in output, profits, tax payment, foreign exchange earnings, and production capacity this year are the biggest in the past 5 years. The nonferrous metals industry's total output value this year is expected to increase by 8.1 % over last year, and its profits and tax payments by 12.8 %. Therefore, the increase in profits is bigger than that in output.

The nonferrous metals industry's production capacity has increased considerably this year. The first-phase aluminum project of the Shanxi Aluminum Factory, the first-phase electrolysis extension project of the Qingtongxia Aluminum Factory, the first-phase project of the Minhe Magnesium Factory, and six other similar capital construction projects have been completed and put into production one after another. In addition, 22 key technical transformation projects have also been completed. This has greatly increased our production capacities in

metal products, gold, and silver. As a result, the profits and foreign exchange earnings in this regard have increased 200 million yuan and 15 million yuan respectively.

Gu Mu Meets Petrochemical Official
*OW261820 Beijing XINHUA in English 1528 GMT
26 Dec 87*

[Text] Beijing, December 26 (XINHUA)—Chinese State Councillor Gu Mu met here today with Huang Nan Yong, general manager of the International Petroleum Chemical Group, Ltd.

During the meeting, Gu Mu appreciated Huang's efforts to raise funds for establishing the Shantou petrochemical complex.

Song Jian Supports Decontrol in Science
*OW280211 Beijing XINHUA Domestic Service
in Chinese 1525 GMT 23 Dec 87*

[By reporters Zhuo Peirong and Luo Yi]

[Text] Shijiazhuang, 23 Dec (XINHUA)—Addressing a national conference to exchange experiences in decontrolling [fang huo 2397 3172] science and technology personnel, Song Jian, state councillor and minister in charge of the State Science and Technology Commission, emphasized today that further decontrolling science and technology institutes as well as personnel will be a major project in restructuring the management of science and technology in the next few years.

He said the project is highly significant in four areas:

1. It can promote the development of a commodity economy supported by science and technology. To establish a commodity economy supported by science and technology and dramatically increase productivity in the rural areas, we must have a large number of people who have the courage to organize and guide the peasants in developing businesses which are profitable, provide pre-production and postproduction services, and can coordinate farming, breeding, and processing operations. Experience shows that the government cannot do a good job in handling these matters and that we must let science and technology personnel and entrepreneurs themselves manage these things because only they can help the people accept new ways of working and living through demonstration.

2. It can train new entrepreneurs and proficient science and technology personnel. Nationwide economic construction and commodity production are the best school for training new entrepreneurs and science and technology personnel. This is because newly graduated science and technology personnel from colleges can quickly become new entrepreneurs if they have the opportunity to handle technical contracts and operate township enterprises on the production front; they can become

even more proficient in economic construction. On the other hand, by working on the production front, these science and technology personnel can turn thousands upon thousands of workers and peasants into young entrepreneurs who have the courage and ability to bring forth new ideas. These entrepreneurs, who come from the masses and who have ties with technical departments, will serve as "recipients" as well as "disseminators" of new technologies. If they do their jobs properly, they will become seeds in promoting commodity economy supported by science and technology.

3. It can upgrade intellectuals' social status. When a large number of science and technology personnel put their talent to good use on the production front, not only will workers and peasants understand them better, but they will also improve their own working and living conditions with the higher pay they receive during the process of helping the masses become affluent.

4. It can help restructure the political system through simplifying administration, releasing authority, and streamlining government organizations. Some units were overstaffed with science and technology because there was no place for them to put their talent to good use. If we decontrol these personnel, who feel like caged tigers, they will be free as "tigers in the mountains." Not only will these personnel put their talent to good use, but they will also set a good example for streamlining government organizations.

Song Jian at Science-Technology Meeting
*OW272337 Beijing XINHUA Domestic Service
in Chinese 1826 GMT 22 Dec 87*

[Excerpts] Shijiazhuang, 22 Dec (XINHUA)—Encouraged by reform and the government's flexible policy, scientists and technicians throughout the county have been very active in various areas. According to incomplete statistics, in recent years more than 360,000 scientists and technicians have left their research organizations, universities or colleges, large and medium-sized enterprises, and government organizations to work in small and medium-sized enterprises and village and township enterprises or to engage in contracting and consultation business in rural areas. [passage omitted]

In decontrolling the flow of scientists and technicians, some departments and localities have gained valuable new experience. To further promote the flow of scientists and technicians throughout the country, the State Council's Science and Technology Leading Group is convening a 3-day national meeting in Shijiazhuang, beginning today, to exchange experiences in giving scientists and technicians more freedom to do what they like.

In appraising the experiences of various departments and localities, Guo Shuyan, vice minister of the State Science and Technology Commission and deputy head of the State Council's Science and Technology Leading Group, said today: Our reform achievements of the past

8 years were made by the masses in practice. We must pay attention to practice and attach importance to practice. The most important experience gained in the past 8 years is that the conventions restricting our actions have decreased. We have allowed anything that is conducive to improving people's life and to developing productive forces. We have been successful precisely because of this. Guo Shuyan said: A problem which has long plagued us is the shortage of scientists and technicians and low labor productivity in rural areas, and the overconcentration of trained personnel in urban areas where they are unable to fully play their role. [passage omitted]

Guo Shuyan said: Giving scientists and technicians more freedom to do what they like can also effectively shift the emphasis from extensive management to intensive management and from a scattered natural or seminatural economy to a large-scale economy or commodity economy supported by science and technology. This is essential for developing productive forces and eliminating backwardness and poverty.

Attending the meeting were Song Jian, state councillor and minister of the State Science and Technology Commission; Xing Chongzhi, secretary of the Hebei Provincial CPC Committee; Xie Feng, governor of Hebei; responsible persons of some provinces and autonomous regions; and responsible persons of relevant departments of central government offices.

Bo Yibo Hails Achievements of Party Congress
*HK280632 Beijing CHINA DAILY in English
28 Dec 87 p 1*

[by staff reporter Chen Zhisong]

[Text] A veteran Communist Party leader says three things will ensure that the goals set by the 13th National Party Congress are met: to persist in the policies of reform, opening to the outside world and enlivening the economy; to adhere to the traditions established during the finest period in the Party's history; and to further rejuvenate leadership at all levels.

In an exclusive interview with CHINA DAILY, Bo Yibo, Vice-chairman of the newly elected Party Central Advisory Commission, pointed out that the theory of primary stage of socialism and the nation's development strategy—worked out on the basis of the theory—are in conformity with the country's current situation and are the most important achievement of that congress held last October.

The theory and strategy not only have answered a series of basic theoretical and practical questions, but also ensured a continued and steady implementation of the policies first laid down at the Third Plenum of the 12th Party Central Committee nine years ago, Bo said.

"The 13th Party Congress was a milestone in the history of the Chinese Communist Party, because it correctly summed up past experience and sketched a magnificent blueprint for the country's development until the year of its 100th birthday," Bo said.

Its significance is also seen in the Party's rejuvenation of its top leadership, including "an excellent new Political Bureau and its five Standing committee members," Bo said. "On this basis, the rejuvenation of our Party's leadership should be completed in another 10 years."

The congress has set "three phases" for China to realize its goal of modernization. The first-phase target of doubling the gross national product (GNP) in the 10 years before 1990 has been achieved ahead of schedule.

"We are now striving to double the GNP again before the end of this century—the goal of the second phase," Bo said.

"And by 2049—when the People's Republic will celebrate its centenary—we should have achieved the strategic goal of the third phase by boosting per capita GNP to the level of a middle income country," Bo said.

Only by "concentrating on reform at an accelerated pace" can China hope to realize such an ambitious target in the next 62 years leading up to 2049, he added.

Bo stressed the importance of science and technology in China's development—"because they are the key to modernizing this country."

Before and during the "cultural revolution" (1966-76), Bo said, the Party viewed a fast growth rate as a top priority. That led to structural irrationalities and periods of adjustments. Overcentralized economic management, and mixing up the functions of the Party and the government also contributed to the overall slow rate of economic development.

"Looking back over the past 38 years, we now realize that if we continue to neglect science and technology, this country will continue to lag behind the world's developed countries—even if it maintains an annual growth rate of 10 per cent," he said.

"That was why the 13th Party Congress gave top priority to reforming scientific and educational institutions and promoting their development in China's development strategy," Bo said.

Bo urged the Chinese people to practise diligence and thrift in doing everything.

"Our reform is unprecedented," Bo said. "We may meet many difficulties, including some we cannot anticipate today. We may also make errors in the process. So we must sum up our experience from time to time, and be bold and prudent while carrying out the reforms."

Meanwhile, "we should promote democracy in the Party and the nation's political life," Bo said.

Bo called on leaders at all levels to "listen to opinions from a wide cross section of people."

"The most awful thing is when people are afraid and keep their mouths shut," the 79-year-old veteran Party leader said.

Finally, speaking of the role of the newly-elected Central Advisory commission headed by him and Chen Yun, the Chairman, Bo said the commission's main job is "to encourage and support the new Party leadership at all levels to push forward the reform programme" as outlined by the 13th Party Congress.

Most of the commission members are veteran revolutionaries in their late 60s or 70s.

Council Approves Cooperative Enterprises

OW280240 Beijing XINHUA in English 1632 GMT
23 Dec 87

[Text] Beijing, December 23 (XINHUA)—The State Council has approved a new law on cooperative enterprises involving Chinese and foreign partnerships, State Council Spokesman Yuan Mu announced here today.

The legislation will now be passed to the Standing Committee of the National People's Congress for consideration, Yuan Mu said.

There are now more than 4,700 cooperative enterprises in China with a total investment of 12.1 billion U.S. dollars.

"The law has taken into consideration the characteristics of cooperative enterprises and has been coordinated with legislation dealing with other foreign-funded companies," Yuan Mu said.

The new law has 28 articles which cover the operation of cooperative enterprises and procedures for obtaining approval. Yuan Mu said that the law marks the further enhancement of Chinese legislation governing economic relations with foreign countries.

The State Council also approved a new law on state secrets. The law defines different grades of secrets, and provides for rewards and punishments.

Capital Shortages Said Hindering Economy

HK280928 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 20 Dec 87 p 3

[Text] "Special to BUSINESS WEEKLY" by Zhou Li

[Text] Capital shortages for both research and economic activities are creating a bottleneck which is hindering the development and integration of both.

A symposium on scientific and technological investment reform, held last month in Beijing, singled out a shortage of capital as the main cause of imperfect integration between research and the economy.

For a long period, capital investment in scientific and technological research came only from the State. It was usually given after the State Scientific and Technological Commission decided on the research projects. The State Economic Commission allocates the funds. No other funds are prepared for such undertakings.

"Due to the shortage of funds, although some research projects were started four years ahead of similar foreign ones, they have remained stagnant while the similar projects abroad have been put into production," said Zhang Xiangdong, spokesman for the China Venturetech Investment Corporation, which sponsored the symposium.

Even when the policy changed in the early 1980s and more and more capital sources were exploited, banks still turned a cold shoulder to scientific and technological research because investment in research is considered risky.

"There is no channel for the commercialization of research results. The gap between enterprises and scientific research has hardly been overcome," Zhang said.

The shortage has also impeded the progress of reform in research institutes. "Some scientists want to set up research-oriented enterprises, but cannot realize their dream because of a lack of funds," Zhang said.

He said that two kinds of problems stand in the way of integration between research and making use of the research results.

First, some research projects are divorced from the market. As a result, utilization of research results into production is limited and some of the limited funds devoted to research are misused.

Secondly, there are no special funds for spreading research results. Some corporations have been created for this, but their capital assets are inadequate.

To change this situation, China began to reform its research system four years ago.

"It's our purpose to get experts from the scientific and technological commissions from across the country to work together," Zhang said.

The aim is to set up foundations or corporations which gather idle capital.

"However, it is unrealistic to expect the integration of research and practise to rely on only these foundations or corporations. We need a revolution to create a climate so

that more and more enterprises and research institutes work to promote the integration," said Chen Weili, deputy manager of the China Venturetech Investment Corporations.

To this end, as some experts suggested at the symposium, the government should set special funds or allocations aside for commercializing research results.

The country should also set up a capital market network to help research projects which are of great economical value.

State Land Administration Tests Registration
*OW281427 Beijing XINHUA Domestic Service
in Chinese 0639 GMT 24 Dec 87*

[Excerpts] Beijing, 24 Dec (XINHUA)—For the sake of maintaining socialist land ownership and protecting the legitimate rights and interests of land owners and land users, and in accordance with articles 9 and 10 of the "PRC Land Control Law," Shanghai, Qingzhou City in Shandong, and Huaxian County in Guangdong have been designated by the State Land Administration to test the project of registering land ownership and issuing land certificates. This project, which was approved by the State Council, was designed to gain experience in carrying out—by different stages throughout the country—land registration, issuing "Certificates of Using State-Owned Land," "Certificates of Using Collectively-Owned Land," and "Certificates of Collective Land Ownership."

Following the 3d Plenary Session of the 11th CPC Central Committee, the party Central Committee and the State Council adopted a series of important measures for improving land management. According to a decision of the State Council in 1984, a land survey was conducted throughout the country. In March 1986 the CPC Central Committee and the State Council issued the "Notice on Improving Land Management and Stopping Misuse of Arable Land," and decided to set up the State Land Administration to centralize the nation's land management and supervise land administration in urban and rural areas. In June the same year, the NPC Standing Committee approved and promulgated the "PRC Land Control Law." Thanks to the hard work over the past several years, noticeable results have been achieved in surveying the nation's land use, including land for nonagricultural purposes. The pilot projects of carrying out land registration and issuing land certificates mark the beginning of a new stage where land resources are managed by administrative and legal measures as well as economic means. [passage omitted]

The pilot projects are about to be completed. Qingzhou in Shandong, Huaxian County in Guangdong, and Shanghai will hold meetings around New Year's Day to issue the certificates.

Article on Perfecting Enterprise Management
HK240501 Beijing RENMIN RIBAO in Chinese
22 Nov 87, p 2

[Article by Zhao Xiu (6392 0208): "Perfect the Enterprise's Managerial Mechanism; Give Full Play to the Role of the 'Within-Factory Bank'"]

[Text] Editor's note: The "within-factory bank" is a new method developed by some enterprises in recent years. Through internal settling of accounts, the "within-factory bank" can strengthen the business accounting among internal links and the scientific management of an enterprise, so that the economic benefit of the contracted management responsibility system can be shown in a better way. This article presents the specific methods adopted by Jilin Province in experimentally setting up within-factory banks, and we can draw lessons from it. It is hoped that enterprise circle comrades will give their opinions about the "within-factory bank," so that it can gradually be perfected. [end editor's note]

After evaluation of repeated practices the line implemented since the 3rd Plenary Session of the 11th CPC Central Committee has been proved objectively practical and Marxist. We cannot understand economic laws by merely thinking about them, and economic laws cannot be realized without practice. This is because economic contradictions, and the methods by which these contradictions can be solved, are hidden in economic facts. We can only search for these contradictions and methods and understand them through economic practices. Only when we have found and understood them can we grasp and use them, and then we can re-evaluate them through practice. Other methods are impractical and unreliable.

Through practice and evaluation it seems that various forms of the contracted management responsibility system, the main contradiction grasped by the urban area at present, have achieved obvious economic benefit. Also in implementing the rural household output related contracted responsibility system, when this contradiction is grasped a new path for urban reform can be embarked upon.

A complete contracted responsibility system for enterprises involves two aspects: One is the contracted management responsibility system agreed between the state and an enterprise (including contracts between the state and local areas); and the other one is the internal contracted responsibility system within an enterprise. The internal contracted responsibility system is more complicated and the work load involved is heavier.

I

Let us first discuss the questions concerning the contracted management responsibility system agreed between the state and an enterprise. From 1982 to the

present day 99.6 % of Jilin Province budgetary enterprises have adopted the contracted responsibility system. In these 5 years, simultaneous increases in profits, tax, output value, and financial revenue have been achieved and maintained in industrial enterprises.

Different forms of the contracted responsibility system have been adopted by the state to fit different situations in different enterprises. In general, the contracts stipulate the base figure and wording to the effect that the amount of profit and tax to be turned over to the state is guaranteed, surplus profits can be retained by enterprises, and deficits should be compensated for by enterprises. The so-called base figure refers to the amount of profit, which is fixed in the contract, turned over to the state by enterprises; and profit means income and regulatory taxes. The base figure is determined by the current amount of profit achieved and some special factors affecting the profit achieved will be taken into consideration. This practice of fixing the amount of profit but not the amount of tax by contract in fact allows the coexistence of profit and tax. Without the coexistence of profit and tax, the contracted responsibility system cannot be implemented. Besides the contracted amount of profit, product tax, business tax, value added tax, urban construction tax, bonus tax, and so on should also be turned over to the state. The amount of base profit to be turned over to the state is fixed in this sense. However, when the enthusiasm of staff and workers is raised and output is increased, the amount of product tax, value-added tax, business tax, and so on will increase, and state revenue will also be increased. When output is increased or production costs lowered, enterprises can make more profit and the state can also gain more benefit. In the practical aspect, this method is not only beneficial to enterprise staff and workers, it can also ensure a steady growth in state revenue.

When enterprise profits are increased the income of staff and workers will also increase. Will this phenomenon lead to a runaway consumption fund? As proved by Jilin practice, this problem can be solved by appropriate control measures. The excess portion retained by enterprises can be used in the following two areas: 1) In renovating technology so as to raise enterprise productivity and the proportion of enterprise reserve energy. In general, about 60 to 70 % of retained profit is used in this area. 2) The retained profit can be distributed in welfare and bonuses to staff and workers. About 30 to 40 % of the retained profit is used in this area. In distributing retained profit between the state and enterprises in this respect, the state will get a larger portion. However, in distributing retained profit between enterprises and staff and workers, enterprises will get a larger portion. The proportions will be different under different situations. Generally, good large- and medium-sized enterprises will divert a large portion of the retained profit to technological renovation. In the past, technological renovation was financed by the state but it is now mainly by the funds owned by enterprises. Because enterprises have to spend their own money, they will not waste it on

unnecessary technological renovation projects. In the past, the money for technological renovation was allocated by the state as a requisition. Under this situation enterprises were not held responsible for waste. When projects were approved they were implemented even though they could not bring significant economic returns. Enterprises considered that if they did not accept the money other enterprises would take it. They also exaggerated the benefit that would be brought by renovation projects and minimize the investment in their applications for funds. When the projects were approved, they would change their attitude immediately, demanding more investment and delaying the implementation date. This phenomenon is termed fishing the big state-fish. How could they miss this chance? If enterprises have to spend their own money on technological renovation the situation will be different. Enterprises will try their best to practice investment economy and to shorten the renovation period, so as to realize early returns and to increase benefits.

Another consumption fund control measure is to link wages with economic benefits. For example, when profit is increased by 1%, the total wages can only be increased by 0.7%. This can arouse the enthusiasm of workers as they will get more when enterprise benefits are increased. At the same time the growth in wages cannot exceed profit. This measure can also play a role in controlling consumption funds.

If the contracted base figure is fixed annually, enterprises will tend not to have any long-term planning. On the other hand, the base figure will increase year by year, and this will make enterprises fearful and hesitant in proceeding boldly ahead with their work. It is better to match the contract period with the factory director's terms of office and targets; and the contract period is better set at 3 to 5 years. This arrangement is beneficial to establishing an enterprise's long-term development ideology. As a way to bolster an enterprise's reserve strength, the amount of profit and tax to be turned over to the state and technological renovation projects should also be included in the contracts. This is called a double-contracted responsibility system. It is also an important measure to ensure continual and steady growth in enterprise output. If technological renovation funds come from the enterprise itself after it has adopted the contracted responsibility system, the increase of profits deriving from such increases in fixed assets which have to be turned over to the state, should not be determined by the same progressive scale used for the original assets, thus increasing the contracted base figure. However, enterprises still have to pay commodity tax, business tax, value-added tax and so on. If the technological renovation funds come from state investment, and technological renovation has thus increased the enterprise's benefits, the contracted base figure should be increased accordingly and the enterprise also has to pay commodity, business, and value-added taxes.

In general, enterprises have been enlivened after implementing the contracted responsibility system. This result

is more apparent in large and medium enterprises in Jilin Province. In the past, the equipment in some large and medium enterprises such as the Jilin Chemical Company, the Tonghua Steel Factory, the Jilin Ferroalloy Factory, the Jilin Carbon Steel Factory, and so on, was very old and the technology backward. Apart from these, some dangerous factory buildings had long been beyond improvement. After implementing the contracted responsibility system, 15 large-scale technological renovation projects in the metallurgical system have been carried out, and the Ferroalloy Factory has improved its dangerous factory on its own. These large and medium enterprises have carried out different degrees of technological renovation and they also have long-term development plans. Thus, their ability to rely on themselves to renovate enterprises has been strengthened. A continual, steady, and fine circulatory development trend has also been developed. The development of large and medium enterprises has promoted the development of small enterprises. The chemical industrial, carbon steel, and ferroalloy groups and so on have also adopted the contracted responsibility system. As the enterprises' enthusiasm has been aroused, enterprises and scientific research departments have started joining together, employing technical consultants, and motivating staff and workers into making reasonable suggestions. This trend is developing in a better and better direction.

When enterprises have fulfilled their state duties and as long as they have fulfilled them in a way conforming to the law and their contracts, nobody can interfere with them without sound reasons. We should prevent infringement upon the legal benefit of enterprises. Enterprises have only just been able to accumulate funds and have just been enlivened under the contracted responsibility system. Having observed this development, various organizations and departments have tried to press enterprises to contribute money and to shoulder financial levies and fees. These practices have violated the enterprises' decision-making power and we should resolutely stop them. It is absolutely not permissible for leading cadres at various levels to take money from enterprises as very harmful effects will result.

II

When the state has fixed the contracted duties for enterprises, the key to ensuring fulfillment of state duties lies in carrying out a series of fundamental jobs in a down-to-earth manner. In implementing the internal contracted responsibility system in enterprises, large targets have to be divided into small targets, and they will be assigned to workshops, teams, and groups. If the targets can be assigned to individuals, they should be assigned to individuals. This practice is to cause every enterprise member to have a target.

These targets are responsibilities. When the responsibilities and interests of staff and workers are linked together, staff and workers will also have to have rewards and

penalties. As staff and workers have to be responsible for enterprise profits and losses, all-round cost accounting should be conducted. Therefore the supervision, control, credit, and account-settling functions of a bank were introduced into the internal contracted responsibility system and the operation and management of an enterprise, and "within-factory banks" were established. The within-factory bank is a new method based on the foundations of enterprise consolidation conducted by Jilin Province in 1982. It also developed as the basis for implementing the enterprise internal economic responsibility system, and for strengthening enterprise management and increasing economic benefits. Enterprises that have followed this practice have achieved very significant results. In the beginning, the experiences of Siping Chemical Mechanical Factory, the Tunghua Third Knitting Factory, and several others were summed up, and on-the-spot meetings of within-factory banks were held. Following these arrangements, training and study courses for within-factory bank were organized. Each city and area had also set up a demonstration factory to promote the development of within-factory banks. In general, overall development is not balanced, and both good and bad results can be achieved. The development will not be very smooth and there will be setbacks. Setbacks are mainly due to the fact that fundamental work has not been done in a down-to-earth manner. However, when the development has vitality nobody can stop it. The development of the within-factory bank reached its climax in 1984—out of the 1100 registered enterprises throughout the province 1078, or 98 %, had set up within-factory banks. At that time 400, or 40 %, within-factory banks were well managed. Because the leading cadres had not grasped the enterprise contracted management responsibility system tightly in 1985, only 700 within-factory banks had been established before 1987. This amounted to 70 % of the total number of registered enterprises. Among these 700 within-factory banks 200 of them, or 20 % of the total, were well-managed. From the benefit and management aspects these 200 enterprises are the best, and the top enterprises in the whole province. They have really been consolidated, and they are now developing toward further deepening of management standardization, systematization, and modernization. This question can be understood through a process of continual development and improvement. With the emphasis by leading cadres and the strengthening of fundamental work Jilin Province's within-factory banks are in a state of further consolidation and development.

In establishing within-factory banks, we should first have an organizational guarantee. A within-factory bank is an important constituent of a factory's internal finance. The within-factory bank and financial organizations of a factory are in a single track system—they share the same personnel who hold two job titles. In general, the factory director also holds the post of bank manager, and the financial officer holds the post of deputy manager. Besides, every workshop and administrative and technical office has an output accounting clerk, and every team

and group has a part-time accounting clerk. The within-factory bank checks the accounts of, and supervises and controls, all the economic activities in a factory. What criteria should within-factory banks base themselves on? They should base on quotas: material consumption, reserve material, labor hour, output figures and quality, increased value for various work processes in semi-finished products, and the circulating funds quotas. Every economic activity should have a quota. Average-advanced quotas should be formulated for both material labor consumption and human labor expenses. Then, all material and human labor consumption (including material, labor, products, and semi-finished products), calculated on the basis of average-advanced quota, should be transformed into a unified measurement value used in factories. This is to formulate "intra-factory planned prices." These prices can facilitate implementing the principles of "exchange for equivalent labor," i.e. the principle of equivalent price exchange in labor cooperation. The principles of distribution according to labor and more pay for more work can thus be correctly implemented under this situation.

In implementing the "within-factory bank" system, all the workshops, administrative and technical offices, and units of basic construction, warehouses, and logistic services of a factory should open accounts in the within-factory bank, and each should have a separate account number. The amount of circulating funds needed by each workshop in a year should be determined by its targets and quotas for that year. For instance the amount of circulating funds needed by each workshop, after verification, should be deposited in the within-factory bank. The funds needed by administrative and technical offices in a year should also be deposited in the bank, and the amount of such funds determined by quotas. The bank will then issue them "within-factory checks" and "within-factory currency." Large expenditures should be settled by within-factory checks while piecemeal expenses should be paid using factory currency. A within-factory bank supervises and controls a factory through settling accounts. For instance, when workshops want to collect materials for production and when administrative and technical offices want to get office supplies, they should use an equivalent amount of checks or currency to buy the materials and supplies. The amount they can buy is fixed by their quotas. When total expenses equal quota amount all their circulating funds deposited in the within-factory bank have been withdrawn. When they have used up all funds deposited in the bank, which is determined by quotas, or have surpassed the quota expenses and spent more than the quota of circulating funds, they have to borrow loans from the within-factory bank to settle the amount overdrawn. They have to pay interest on the loans, and the interest will be deducted from their bonuses. If the bonuses cannot cover the interest, it will be deducted from their salaries. When less material is used, less circulating funds from the bank are used. When output has been increased and the product quality has been raised through a work process, the next production process will pay more within-factory checks

and money, and the savings in their account will thus be increased. As a result, bonuses will also be increased. Through within-factory banks, the relationship between workshops and their preceding and succeeding work processes, and that between workshops and warehouses are manifested in a "buying and selling" relationship. Accounts will be settled every day and raw materials cannot be bought on credit by within-factory checks. Semi-finished products will be bought by the next work process using within-factory checks and final products will be sold to the warehouse. The sales office also has to buy products from the warehouse and then sell them to society. Sales revenue will then be handed in to the finance office, and the sales figure will be registered in the within-factory bank accounts. When the supply and marketing office wants to purchase raw materials from the market, it first has to go to the within-factory bank to withdraw an amount of circulating funds according to its quotas and the amount of funds withdrawn will be paid for using within-factory checks. The checks will then be changed into cash or external checks so that raw materials can be purchased from society. Within-factory checks and currency can only be circulated among within-factory production activities. They cannot be used in the factory shop or canteen, and they cannot be used outside the factory. They cannot be loaned or transferred among workshops or teams and groups. Delivery of materials and semi-finished products cannot be carried out without the issuing of within-factory checks. The within-factory bank issues a fixed and registered amount of within-factory checks and currency to every workshop on a monthly basis. By the end of each month, workshops have to bring their remaining checks and money to the within-factory bank to settle their accounts. Therefore, the bank is very clear about the surplus or deficit in every workshop. Thus the previous "give-and-take" relationship among all the economic activities in a factory has been changed into a "buying and selling" relationship in the form of within-factory currency. Under such a situation, not only workshops have to be responsible for profits and losses; when work processes have wasted raw materials, or when product quality does not reach the required standard, they also are responsible for profits and losses. Thus, when less material has been used and poor product quality has been produced in the preceding work process, the next work process will only pay an amount in checks equivalent to the quantity and quality that has been produced. The preceding work process thus has to be responsible for reduced output and poor quality. This practice will therefore establish a profound practical sense of value, cost, commodity, and accounting concepts in staff and workers, workshops, and in the factory. When the within-factory bank can clear all the accounts every day and every month and also promptly reports feedback to the cadres concerned, factory leading cadres can promptly be aware of problems as they arise and can solve them promptly. Contradictions between a within-factory bank and the factory's leading cadres reflects imperfect fundamental enterprise work. Even so, this practice can enable prompt improvement of the factory system and can mediate disputes.

The change from a give-and-take relationship into a buying and selling relationship has brought about the following changes: In the past, staff and workers did not pick up useful things dropped on the floor, but now they try not to waste anything. This is because over-quota expenses are their own expenses. This change is particularly obvious in light industrial factories. In the past, due to improper management, the phenomenon of stealing factory property was very common. Staff and workers saw others obtain small advantages by stealing factory property and copied this practice. They did not want to waste the chance to get an advantage. Factory directors could not stop this practice by other means and thus adopted the method of body searching and inspecting staff and workers' baggage before they left the factory. However, they could not improve the situation. Some staff and workers did not do their work properly and factory directors were unable to motivate them to improve their attitudes. When other staff and workers tried to persuade them to change their working attitudes, they retorted that "it is not your business." After the establishment of "within-factory banks," a buying and selling relationship has been set up. In the past, when workshops, and teams and groups had to replace broken light bulbs they would choose large light bulbs. As they now have to pay for the bulbs they prefer small ones. In the past they wanted more than two bulbs but now they prefer to have only one. In the past, an electric welding rod would be disposed of when only half of it had been used, but now staff and workers pick up and use such rods. In the past, staff and workers would dispose some tools and machines if they could not get used to them, but now they try their best to maintain and use existing tools and machines. In the past, the towels for cleaning machines would only be used once and were scattered all over the floor. Now, staff and workers will wash these used towels and use them many times. In the past, engine oil was spilled over the floor but staff and workers will not do that now. Before the implementation of the "within-factory bank," staff and workers always requested lots of pencils and paper and claimed that they did not have enough to use; and now no one will spend extra amounts of factory currency to buy extra pencils and paper. The past phenomena whereby staff and workers did not switch off lights when they did not need them and did not practice economy of resources no longer exist. At present, every workshop, team and group, and individual has to be responsible for profits and losses. Currently they have to compensate for factory property losses, and when the product quality is not satisfactory, the products will not be accepted by the following work process, and the workers and staff will not accept them. In the past, only quality inspectors checked product quality but now everybody checks does it. Any staff and workers who do not carry out their duties properly and thus affect fulfillment of contracted responsibilities will now be rebuked by other staff and workers. Moreover, when a staff member or worker does not have as much bonus as others, he will be scolded by his wife and his family members will also blame him. (In the past, if a member of staff or worker did not steal

factory property as others did, his spouse would scold him and say that he was foolish: "Please follow others.") In the past, only accountants could calculate profits and losses, but now everybody can calculate profits and losses. All members of staff and workers can now clearly calculate how much they can get from what they have done. In the past, bonuses for staff and workers were determined by their supervisory cadres. Now, bonuses are determined by the work done. In the past, arguments occurred in the process of bonus determination. When arguments could not be settled the bonuses were evenly distributed among staff and workers. Now, bonuses for staff and workers are calculated on the work done. Nobody has any cause for resentment. Staff and workers who get less bonuses cannot blame anybody but themselves. In the past, staff and workers would know the amount of bonuses they would get after they had done their jobs, and now they can know how much they can get before they actually carry out their work. The past situation in which cadres only cared about management duties and workers only carried out job duties has now been changed, and every factory member is now concerned about the factory's performance. Moreover, not only administrative methods are adopted, economic methods are also adopted. Besides, factories are not only managed by people but also by the system. In reality, it is very difficult to achieve this situation. Practice proves that after the banking mechanism has been introduced into factories to carry out all-round accounting, the thinking of being factory masters has been established in staff and workers. Staff and workers thus consider factory affairs as their own affairs. This thinking has also been thoroughly installed in all the links of the production process. A good method whereby every factory member feels concerned about the factory, tries their best to manage the factory, and implements democratic management has thus been found.

In order to carry out this task properly, we should carry out fundamental work in a down-to-earth manner. This task is a systematic construction and every link of it will affect the activities of within-factory banks. The most important task is to perfect the system of overall leadership by the factory director, and to properly handle the construction of administrative and construction offices, teams, and groups. In general, the leading group of various ranks should be consolidated. All the staff of within-factory banks, including the manager, deputy manager, and accounting system staff—workshop output accounting clerks and part-time accounting clerks of teams and groups—should be selected from the best candidates and should be trained. They should then be evaluated and examined, and the best candidates appointed. The "value flow" reflected by the accounts, factory currency and checks of the within-factory banks should be consistent with the "material flow" of production processes. There must not be any leakage. Moreover, accounts should be checked frequently so that problems can be solved as they arise. The differences between intra-factory prices and market prices should be adjusted and handled by the finance office. Moreover,

the within-factory bank should open account books for the whole factory, workshop, and teams and groups. Various forms and original records of work processes and machine operations should be filed in a complete way. Apart from these, perfect methods should be adopted to measure and check the quantity and quality of outputs, and accurate measuring meters for water, electricity, and gas should be used. These are essential fundamental tasks.

Before establishing the within-factory bank all the factory assets should be registered. The amount and quantity of the fixed assets, circulating funds, finished products, semi-finished products, raw material stocks, and all factory equipment should seriously be checked; and the number of staff and workers should also be clearly registered. A range of quota and accounting procedures should then be formulated. A quota evaluation and verification committee should be set up to determine and fix quotas. This committee is chaired by the factory leading cadres and formed by technical staff and workshop worker representatives. Once the quotas are fixed nobody can change them. Quotas for new products, and those for items for which quotas have not been fixed, should be determined by this committee. These quotas can only be implemented after the factory director has approved them. Moreover, all the quotas should be re-evaluated annually and revised by the committee, and they cannot be altered under ordinary circumstances. Only with these fundamental tasks can we embark on a new path to achieve the further adoption of computer data processing, modern management, systematization, and standardization.

With the development of production a series of changes will occur in structural reform, technology development, and technology advancement. The development of production will create conditions for deepening the reform. At the same time, some old constraints such as those in management, planning, investment, material systems and so on will also be broken. All structural reforms should aim at motivating the enthusiasm of enterprises and staff and workers, strengthening enterprise vitality, raising economic benefit, liberating and developing productivity, and realizing the four modernizations. These are the starting points and implementing points of all reforms. The question of how should our system adapt to the development of reform is also a question that we have to probe through practices.

'Mu' To Be Abandoned as Unit of Measurement
*OW281118 Beijing XINHUA in English 0630 GMT
28 Dec 87*

(Text) Beijing, December 28 (XINHUA)—The Chinese Government has decided to abandon use of "mu" as the basic unit for measuring land space.

But, it seems that it has a long way to go to find a substitute.

One "mu" is equivalent to one fifteenth of a hectare or 666.6 square meters, which is subdivided into "fen" (one tenth of a "mu") and "li" (one tenth of a "fen").

The government decides to abandon the traditional system because it is not international. Besides, when converted into square meters, it can only result in a non-integer.

In fact, experts say, the actual size of "mu" varies from one place to another. It can be as large as 1,131 square meters or as small as 532 square meters.

Some suggest that square kilometer or hectare be used, while others say there is the need to create a new unit equivalent to 1,000 square meters.

East Region

Jiangxi Leaders Address Committee Plenum *OW270739 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 17 Dec 87*

[Excerpts] The fifth enlarged plenary session of the eighth Jiangxi provincial party committee continued this morning. Wan Shaofen, secretary of the provincial party committee, and Wu Guanzheng, deputy secretary of the provincial party committee and governor of Jiangxi, addressed the meeting, which was chaired by Liu Fangren, deputy secretary of the provincial party committee.

In accordance with Jiangxi's actual situation and the work accomplished by the Jiangxi provincial party committee Standing Committee in studying and carrying out the guidelines of the 13th party committee and Comrade Zhao Ziyang's report, Wan Shaofen discussed four issues: further emancipate the mind and heighten the sense of urgency to catch up; be more courageous in carrying out reform and opening up in order to achieve a sustained and steady economic development in Jiangxi; restructure the political system in a well-guided and systematic manner; and build a stronger party in the course of reform.

Wan Shaofen said: Further emancipating the mind means adhering to the ideological line of seeking truth from facts so that our thinking and conduct are in line with what is expounded in the theory set forth by the 13th Party Congress—the theory of the initial stage of socialism—as well as with the standards set for productivity and with Jiangxi's actual situation. The theory of the initial stage of socialism is an ideological weapon we can use to emancipate our mind and understand the situation of the country and Jiangxi. If we use this theory to analyze Jiangxi's current economic development, we can see Jiangxi's economic development is affected by several factors: 1) although Jiangxi's economic growth has been significant since the liberation, and especially after the 3d Plenary Session of the 11th CPC Central Committee, Jiangxi's productivity is still low; 2) although the province has rich natural resources, they are far from fully developed and used; 3) although Jiangxi is adjacent to vast coastal and developed areas, its commodity economy is very underdeveloped. [passage omitted] Emancipating our mind and heightening our spirit mean that we must deal with the prevalent problems among our cadres. These problems are: The standards the cadres set for themselves are low; they lack a sense of urgency; they overemphasize objective problems; they think there are too many exterior [word indistinct]; their thinking is too subjective; their party spirit is low; and they lack competitive and (?exploratory spirit). [passage omitted]

Commenting on restructuring the political system, Wan Shaofen noted that four issues call for greater understanding and consensus of view: 1) restructuring the political system is for the purpose of improving Jiangxi's

(?party) leadership so that the socialist system can continue to improve and develop; 2) political reform must be in line with economic reform; 3) political reform must be based on political stability and unity so that a democratic political system can be instituted; and 4) it is necessary to fully understand the complexity and formidability of political reform, act firmly and cautiously, and restructure the political system in a well-guided and systematic manner. Wan Shaofen said: The most important requirement in restructuring the political system is to separate party from administrative responsibilities. [passage omitted]

In his speech, Wu Guanzheng outlined the provincial government's economic projects for 1988, and discussed the need to accelerate and deepen reform with emancipated minds. [passage omitted]

Wu Guanzhen said: To attain the economic targets set for next year and several years afterward, firmness in upholding reform is essential. To deepen reform, we must, first of all, emancipate our minds. We must continue to emancipate our minds in at least five areas: 1) in diversifying economic operation; 2) in improving measures and policies governing remuneration, meaning that, in addition to the principal form of remuneration, namely to each according to his work, we should also tolerate other forms of remuneration; 3) in invigorating the market and enlivening circulation, continuing to break outmoded ideas [words indistinct], and regarding development of commodity exchange an important aspect in developing commodity economy; 4) in promoting foreign economic cooperation and lateral economic partnership, meaning that, instead of being unwilling to concede profits, we should attract even more cooperative projects at home and abroad by means of even more attractive terms; 5) we should allow some areas to become affluent ahead of others so that all localities in Jiangxi will achieve common prosperity, notwithstanding their uneven economic development.

Wu Guanzheng said: Jiangxi's circumstances dictate that it should make greater progress in four areas:

1. Opening up southern and northern Jiangxi, invigorating the key cities, and liberalizing border trade. Ganzhou Prefecture should become the hinterland of the Zhujiang delta and southern Fujian, and [words indistinct] of the nation's open, coastal areas; and Jiujiang should become an export-oriented city in the middle and upper reaches of the Chang Jiang. [passage omitted]

2. We should draw up preferential measures and promote development by adopting more liberal policies. With the provincial party committee's consent, the provincial government has drawn up tentative regulations governing preferential measures for developing provincial and regional economic ties, new measures for encouraging foreign investment, and preferential measures for encouraging other localities to develop agricultural measures in Jiangxi. [passage omitted]

3. We should forge closer economic ties between urban and suburban areas, speed up construction of small cities and towns, and promote industrialization and urbanization at the same time. [passage omitted]

4. We should improve enterprise operation according to the principle of separating party and administrative powers. [passage omitted]

On restructuring production, Wu Guanzheng said: During the course of restructuring production in rural areas, we will, while ensuring steady and higher grain output, strengthen Jiangxi's two weak spots: economic diversification and township enterprises. Industrial enterprises shall be restructured with the objective that they can produce quality and salable goods, and that their organizational structure can be rationalized. [passage omitted]

Shandong CPC Plenum Opens 24 December

*SK250507 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 24 Dec 87*

[Excerpts] The 10th Plenary Session of the 4th Shandong Provincial CPC Committee opened in the Nanjiao Guesthouse in Jinan on 24 December.

The session earnestly studied the spirit of the 13th CPC Congress, reviewed the work done by the province in 1987, and defined work tasks for 1988. The session also approved the summary of the 10th plenary session and the resolution on convening the fifth provincial party congress. At the session the participating members also heard a report on the end-of-term election of the provincial People's Congress Standing Committee and the work of readjusting the leading bodies under the provincial CPPCC Committee and the provincial People's Government.

The session contended that the province's fulfillment of various tasks was fine: it has achieved stability and unity in politics and sustained and stable growth in the economy; has continuously deepened the drive to conduct reforms in both urban and rural areas; has reaped an overall bumper harvest in agriculture; has achieved higher growth in industrial production on the premise of increasing benefits; and has also achieved flourishing development in tertiary industry.

The session contended that in 1988 we should implement the spirit of the 13th CPC Congress in an overall way, accelerate the pace of and deepen reform, and make a second start in doubling the total industrial and agricultural output value in the province. [passage omitted]

The general demand for the province's work in 1988 is to deeply implement the spirit of the 13th CPC Congress, to uphold the party's basic line of the initial stage of socialism, to accelerate and deepen reforms, to accelerate the pace of opening to the outside world and carrying out domestic decontrol over policies, to uphold the

principle of taking the work of increasing economic results as a central task to ensure the steady and stable development of the national economy, to enhance the party's building while conducting reform and opening to the outside world, and to make all-out efforts to create a new situation in building socialist material and spiritual civilizations.

At the session, participating members unanimously contended that to fulfill the 1988 tasks, we should first firmly bear in mind the province's actual situation; deeply study the documents adopted at the 13th CPC Congress; and unify the thinking and action of the broad masses of cadres, party members, and the masses throughout the province by making use of the theory on the initial stage of socialism and the party's basic line. This is a fundamental guarantee for doing a good job in conducting various kinds of work. [passage omitted]

The central tasks for developing the economy in 1988 are as follows: 1) efforts should be made to further enhance the foundation of agriculture; 2) efforts should be made to maintain the good trend in developing town-run enterprises; 3) efforts should be made to readjust and improve industrial production and product structures; 4) efforts should be made to ensure key production and to accelerate technical renovations; 5) efforts should be made to further invigorate commodity circulation and vigorously stabilize commodity prices; 6) efforts should be made to accelerate the development of an export-oriented economy; and 7) efforts should be made to continuously deepen the campaign of increasing production and practicing economy, as well as increasing incomes and curtailing expenses. [passage omitted]

On 21-23 December the provincial party committee held a preparatory meeting for the session, at which Liang Buting, secretary of the provincial party committee, delivered a speech on several explanations of the proposed summary for the plenary session. In his speech he pointed out: In deeply studying the documents adopted at the 13th CPC Congress, we should first further emancipate the mind by using of the 13th CPC Congress theory to enable cadres and the masses inside and outside the party, particularly leading cadres at all levels, to actively eliminate their leftist influence by making use of the congress spirit and to improve their quality of ideology, theory, and policies to a new level. He stated: To fulfill the 1988 tasks, it is imperative to do a good job in integrating the spirit of the 13th CPC Congress with the province's actual situation. This means that by taking the congress spirit as a guideline, we should earnestly summarize the experience gained by the province and other places in conducting reform and carrying out construction over the past 9 years; further understand the situation in the province and current trends and construction; and study how to implement the strategic principle of stressing economic results, upgrading quality, and achieving harmonious development and stable growth in the province. He urged the party committees at all levels to proceed from the actual situation,

to formulate their own targets for development, and to pay attention to adequately orienting the province's economic development to the country's moving track in this regard to avoid the subjective blindness of paying attention only to a part and no attention to the whole and of being divorced from reality while enforcing the strategy and principle as a whole. [passage omitted]

Presiding over the plenary session were Liang Buting, secretary of the provincial party committee; and Lu Maozeng and Jiang Chunyun, deputy secretaries of the provincial party committee. Members and alternate members of the provincial party committee attended the session.

Attending the session as observers were members of the provincial Advisory Commission and the provincial Discipline Inspection Commission; members of the Central Advisory Commission and the Central Discipline Inspection Commission who are currently in Shandong; staff members of leading party groups under the provincial People's Congress Standing Committee, the provincial People's Government, and the provincial CPPCC Committee; principal responsible comrades from some cities and prefectures and from the provincial level departments concerned; and secretaries of the party committees under some higher educational institutions.

Resolution on 5th Congress

*SK280658 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 24 Dec 87*

[Text] Following is the resolution adopted at the 10th Plenary Session of the 4th Shandong CPC Committee on convening the 5th provincial party congress, which includes the following opinions:

1. The Fifth Shandong Provincial CPC Congress will be held in the third quarter of 1988.

2. The major items on the agenda of the fifth provincial party congress are to hear and examine the report of the provincial party committee and the reports given by the provincial Advisory Commission and the provincial Discipline Inspection Commission; and to elect the fifth provincial party committee, the provincial Advisory Commission, and the provincial Discipline Inspection Commission.

3. The fixed number of delegates to the fifth provincial party congress is 900, who should be elected in line with the quota distributed by the provincial party committee and the electoral regulations of the party's Constitution at party congress and party representatives' meetings which will be sponsored by the provincial and prefectoral level cities, the counties and county-level cities, the provincial level organs, the large provincial level enterprises, and the provincial military district. The provincial-level higher educational institutions should join the election held by their own cities and prefectures. The structure of delegates should have an extensive nature of

representation and an adequate proportion of women and minority party members. In particular, attention should be paid to electing some middle-aged and young party members who have scored marked achievements in conducting reforms and carrying out construction.

4. The 10th plenary session urges the party organizations at all levels and all party members throughout the province to earnestly study and implement the spirit of the 13th CPC Congress; to uphold the party's basic line of the initial stage of socialism; and to unite with the people throughout the province in upholding self-reliance, arduously doing pioneering work, deepening the drive to conduct reforms, and in developing the economy in order to vigorously create a new situation in the province's program of building socialist modernization and to greet the successful convocation of the fifth provincial party congress with outstanding achievements.

Shandong Congress Committee Meeting 23 Dec

*SK240521 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 23 Dec 87*

[Text] The 29th meeting of the 6th provincial People's Congress Standing Committee opened in the meeting hall of the Zhenzhuquan auditorium on 23 December.

At the meeting held on the morning of 23 December, the participants heard the report given by (Li Kulin), deputy director of the provincial Foreign Economic and Trade Commission, on the draft administrative regulations on economic and technical development zones and the explanation he gave on the revised draft regulations on dealing with the problems by the enterprises in the province's economic and technical development zones, which have set up economic cooperation with domestic units.

They also heard the report given by (Wang Guoqing), deputy procurator of the provincial People's Procuratorate, on the activities conducted by the prosecutorial organs throughout the province in dealing strict blows to serious economic crimes.

The meeting will also hear and examine the report on the province's implementation of the PRC's law on drug control and the report on the disposition of suggestions, criticism, and opinions put forward by the deputies during the period since the fifth plenary session of the sixth provincial People's Congress. The meeting will also approve the decision made by the provincial People's Congress Standing Committee on the date of convening the first plenary session of the seventh provincial People's Congress, the additional regulations of the PRC's law on fishery, and some personnel changes.

Xiao Han, vice chairman of the provincial People's Congress Standing Committee, presided over the 23 December meeting. Attending the meeting were Li Zhen, chairman of the provincial People's Congress Standing

Committee; and Xu Leijian, Gao Fengwu, Zhang Zhusheng, Xu Jianchun, Lin Ping, Feng Lizu, Lu Hong, and Yan Qingqing, vice chairmen of the provincial People's Congress Standing Committee.

Ma Zhongchen, vice governor of the province, attended the meeting as an observer.

Meeting Ends 26 Dec

SK281021 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 26 Dec 87

[Text] The 29th meeting of the 6th provincial People's Congress Standing Committee ended in Jinan on 26 December. The plenary meeting held on the afternoon of 26 December adopted the administrative regulations of the Shandong provincial economic and technological development zones and regulations on dealing with problems concerning enterprises in the development zones which have established cooperation with domestic units; a resolution on revising the Shandong provincial regulations governing the implementation of the PRC's fishery law; and a decision of the Shandong provincial People's Congress Standing Committee on the date of convening the first session of the seventh provincial People's Congress.

The plenary meeting was presided over by Xu Leijian, vice chairman of the provincial People's Congress Standing Committee. Li Zhen, chairman of the provincial People's Congress Standing Committee; and Vice Chairmen Xiao Han, Gao Fengwu, Zhang Zhusheng, Xu Jianchun, Lin Ping, Feng Lizu, Lu Hong, and Yan Qingqing attended the meeting. Vice Governor Ma Zhongchen, and Han Bangju, president of the provincial Higher People's Court, attended the meeting as observers. It was decided at the 29th Standing Committee meeting of the 6th Shandong Provincial People's Congress that the first session of the 7th Shandong Provincial People's Congress would be held in Jinan on 25 January 1988.

Shanghai Congress Session To Open in Jan

OW271309 Shanghai WEN HUI BAO in Chinese
19 Dec 87 p 1

[Excerpts] The 33d meeting of the Standing Committee of the Shanghai Municipal People's Congress opened yesterday. It adopted the "Resolution on Convening the Seventh Session of the Eighth Shanghai Municipal People's Congress." It has been decided that this session will be convened in the second half of January 1988. A major topic on the agenda will be the election of deputies from Shanghai to attend the seventh National People's Congress.

Those attending the meeting also studied the revised "Draft Regulation on Personnel Management for Sino-Foreign Joint Ventures in Shanghai." Wang Ke, member

of the Committee for Financial and Economic Affairs of the municipal People's Congress, reported on the results in studying and revising the draft regulation. [passage omitted]

Those attending the meeting yesterday also heard a report made by Yuan Cai, director of the Shanghai Municipal Education Bureau, on the implementation of the Law on Compulsory Education in Shanghai over the past year. He said: Right now, middle school education is basically popular in the municipality. The percentage of the junior middle school graduates admitted into senior middle schools is 98.8. In Shanghai's suburban counties, all primary school graduates have the opportunity to study in junior middle schools. He pointed out: In implementing the 9-year compulsory education system, Shanghai pays full attention to improving educational qualities with emphasis on the rural areas.

In their speeches, some deputies attending the meeting hoped that the municipal government would study hard and adopt effective measures to improve pedagogical qualities in carrying out compulsory education in rural areas.

Chairman Hu Lijiao of the Standing Committee of the municipal People's Congress presided over the meeting yesterday. Attending the meeting were chairmen of the Standing Committee of the municipal People's Congress Wang Jian, Pei Xianbai, Liu Jingji, Wu Ruohan, Shu Wen, and Zuo Ying. Also present at the meeting as observers were Vice Mayor of Shanghai Xie Lijuan; President Hua Liankui of the municipal Higher People's Court; Chief Procurator Wang Xing of the municipal People's Procurorate; and the responsible persons of various committees, offices, and bureaus under the municipal government as well as the leading comrades of the peoples' congresses of the various districts and counties in Shanghai.

Guizhou CPC Committee Meeting Concludes

HK251548 Guiyang Guizhou Provincial Service
in Mandarin 2300 GMT 15 Dec 87

[Excerpts] The enlarged meeting of the Ninth Plenary Session of the Fifth Guizhou Provincial CPC Committee concluded in Guiyang yesterday. In line with the actual conditions in our province, the meeting discussed how to accelerate and intensify reforms, adopted measures to fulfill all the tasks assigned by the 13th Party Congress, and formulated plans for next year's work. It called for cadres at all levels of the province and the people of all nationalities to implement the spirit of the 13th Party Congress in earnest and to advance the cause of rejuvenating Guizhou and enriching the people through hard work.

Attending the meeting were Hu Jintao, secretary of the provincial party committee; Deputy Secretaries Wang Chaowen, Liu Zhengwei, Ding Tingmo, and (Long

Zhiyi); Su Gang, chairman of the provincial Advisory Commission; and Liu Hanzen, secretary of the provincial Discipline Inspection Commission.

Guided by the spirit of the 13th Party Congress and the theory on the initial stage of socialism, proceeding from the actual conditions in Guizhou, the meeting analyzed the current situation in the province as well as problems and contradictions that have arisen in reform and economic construction. It pointed out that in 1988, continued efforts should be made to further study, publicize, and implement the spirit of the 13th Party Congress, with the focus on keeping the economy stable and deepening the reform.

Concretely speaking, in the rural areas, efforts must be made to further consolidate and improve various forms of the system of contracting responsibilities on the household basis with payment linked to output and to establish and improve the socialized service system. Meanwhile, we must adhere to the policy of sparing no effort in promoting grain production and diversified undertakings and vigorously developing village and township enterprises.

In the urban areas, we must advance the all-round reform in enterprises and strengthen the managerial mechanisms of enterprises, which, in short, refers to contracting, leasing, the practice of making the total payroll of an enterprise float according to its economic performance, and the introduction of the piece rate wage system. Special attention must be given to introducing competitive mechanisms into contracted economic undertakings. At the same time, we must improve and perfect the macroeconomic control system based mainly on indirect control of enterprises. [passage omitted]

To reform the political structure, we must begin with separating the party and government with the focus on separating the party and government in provincial organs and on harmonizing the relations between the party and the administration in enterprises. In party building, efforts must be concentrated on conducting education in the party's basic line in the initial stage of socialism and on strengthening party building in the basic party organizations.

The meeting pointed out: Accelerating the development of productive forces and vigorously expanding the socialist commodity economy are a key task for invigorating the economy of Guizhou Province. Helping to expand the productive forces should become the point of departure in our consideration of all problems; the basic criterion for judging all our work should be whether it serves that end. The rejuvenation of Guizhou depends on all the people who will carry forward our cause with perseverance and hard work. Party committees and people's governments at all levels should teach cadres and the masses to discard their old concepts and strengthen the sense of the commodity economy, to broaden their field of vision, and to find a new path for

the economic development of Guizhou suited to its conditions. In line with local conditions, all localities of the province should create external conditions favorable for the development of the commodity economy and adopt their own policies and measures in favor of the development of the commodity economy. Proceeding from local conditions, all localities should develop high-quality enterprises and promote high-quality products to turn their natural superiority into economic superiority. [passage omitted]

Southwest Region

Sichuan Satellite Launching Center Complete *HK280735 Chengdu Sichuan Provincial Service in Mandarin 0100 GMT 24 Dec 87*

[Text] According to SICHUAN RIBAO, the expansion and technological transformation of the Xichang Satellite Launching Center has been successfully completed. This will lay a sound technological and material foundation for the advancement of our country's space technology and for its efforts to exploit foreign markets.

In August last year the state decided to carry out an all-round technological transformation, in an effort to update the equipment of the center, and to expand and build some much-needed projects.

In terms of technology, the center can now meet the needs of launching carrier rockets not only for our own country but also for other countries. Meanwhile, much improvement has been made to the launching pad so that different types of satellites under 1.5 tons can be launched to a designated position in space. In addition, the space detection and tracking system at the center has also been greatly improved with the establishment of a more perfect space communications network.

Sichuan Achieves Family Planning Success *OW261442 Beijing XINHUA in English 1108 GMT 26 Dec 87*

[Text] Chengdu, December 26 (XINHUA)—Without the one child policy, an extra 15.49 million babies would have been born between 1979 and 1986 in Sichuan, China's most populous province.

The figure doubles the population of metropolitan Shanghai, China's largest city.

Sichuan's population in the 1982 census was about 100 million.

The province's birth rate dropped to 1.88 percent in 1985 from 4.3 percent in the early 1970s, according to the provincial Family Planning Office.

Around 80 percent of Sichuan couples at child-bearing age are using contraceptives.

Sichuan To Introduce Responsibility System
*HK281008 Chengdu Sichuan Provincial Service
in Mandarin 0100 GMT 24 Dec 87*

[Text] It has been learned from the ongoing provincial work conference on urban economic structural reform that our province will introduce the system of contracting responsibility for reform measures next year. This responsibility system mainly centers on deepening enterprise reform and perfecting enterprise operation mechanisms.

Those in charge of the responsibility system will be comrades responsible for the province's relevant departments and bureaus. The major aspects of their work will be to offer advice and methods on certain reform measures, coordinate and help relevant departments in charge of professional work to promote the measures, and promptly handle problems resulting from policies and arising in the process of adopting the reform measures. Meanwhile, all units participating in adopting the reform measures are required to bring every possible factor into play to cooperate with each other so as to step up the reform.

To ensure implementation of all reform measures in an all-round way and consistency in policies relating to these reform measures the provincial government has instructed the provincial economic structural reform office to bring the work into line as a whole. As long as a reform measure is adopted all units involved should be responsible to the provincial government, and successful enforcement of reform measures will be regarded as a major aspect of evaluating the performance of those units and their leaders.

Lhasa Mayor, Residents Conduct Dialogues
*HK270800 Lhasa Xizang Regional Service in Mandarin
1130 GMT 18 Dec 87*

[Excerpts] According to XIZANG RIBAO, on the afternoon of 16 December, a dialogue between the Lhasa People's Government and city residents was held at the second meeting hall of the city party committee office. Mayor Luoga entered directly into dialogue with the residents on problems regarding housing, public health, and construction of grass-roots units in the city. Twenty-four representatives of residents gave their views and conveyed some suggestions and demands concerning these three problems. Magor Luoga gave an explanation on all these problems. [passage omitted]

Mayor Luoga said that we will often conduct such dialogue and we are ready to go down to grass-roots units for dialogue with the masses to listen to their opinions. Always lending an ear to the voice of the masses, he said, will help our work.

North Region

Beijing Student's Killer Sentenced to Death
*OW270115 Beijing XINHUA in English 1434 GMT
23 Dec 87*

[Text] Beijing, December 23 (XINHUA)—An assassin who killed a student of the international business and economics was sentenced to death today by the Beijing Intermediate People's Court.

Ma Qingjun, 22, a bicycle repairer, slipped into the campus of the University of International Business and Economics and stabbed Zang Wei, a second-year student of the university into his chest at school store on the evening of December 5. The victim died at the nearby hospital several hours later.

Ma's accomplice Wang Yanjun, 16, was sentenced to five year's imprisonment.

Reportage on Nei Monggol CPC Session

Press Conference Held
*SK261119 Hohhot Nei Monggol Regional Service
in Mandarin 1100 GMT 25 Dec 87*

[Text] This morning, the propaganda group of the fifth enlarged plenary session of the fourth autonomous regional party committee held a press conference. Wen Jing, Standing Committee member and Propaganda Department director of the autonomous regional party committee, made public to the press circles of the region and the central press units stationed in Hohhot the major subjects of discussion of the fifth enlarged plenary session of the fourth autonomous regional party committee and the manner in which the session will be held.

Wen Jing said: The Fifth Enlarged Plenary Session of the Fourth Nei Monggol Autonomous Regional CPC Committee is planned to be held from 26 December to 3 January 1988. The session is scheduled to last for 9 days. Based on the repeated study of the Standing Committee meetings of the autonomous regional party committee and the opinions solicited from a fairly wide range, the regional party committee decided on the following major subjects of discussion for the session: Taking the guidelines of the 13th Party Congress as a guide to further unify the ideological understanding of the cadres and people of various nationalities throughout the region; summarizing the rich experiences in our region's reform and opening up carried out since the 3d plenary session of the 11th party Central Committee; and studying and working out plans for future work. We should turn this into a session to thoroughly study the documents of the 13th Party Congress and mobilize the people mentally to facilitate in-depth development of reform and opening up.

Wen Jing said: This session should be held in such a way that democracy is fully embodied and democratic methods are adopted. The guidelines of the session will be epitomized in Comrade Wang Qun's report. To make this report a success, the autonomous regional party committee has solicited opinions from the standing committees of the autonomous regional Advisory Commission and Discipline Inspection Commission; the leading party groups of the autonomous regional People's Congress, government, and CPPCC Committee; and the party committee of the military district. It has also solicited opinions from leading comrades of leagues and cities and some counties and banners. It has also heard the opinions of experts and scholars of the theoretical, educational, and scientific and technological circles, and the opinions of personages of various democratic parties. Therefore, we can say that this report is a collective work in which the wisdom of various fields is concentrated.

Wen Jing said: Preparations for the session itself embody the democratic spirit and the principle that the major events of the autonomous region are discussed by the people of various nationalities throughout the region together. We should say that this is a characteristic of the session.

At the press conference, Comrade Wen Jing also made public the schedule of the fifth enlarged plenary session of the fourth autonomous regional party committee and set forth specific requirements on the various press units concerning the publicity and reports of the session.

Session Opens 26 Dec

SK270601 Hohhot Nei Monggol Regional Service
in Mandarin 1100 GMT 26 Dec 87

[Excerpts] The fifth enlarged plenary session of the fourth autonomous regional party committee opened ceremoniously in Hohhot this morning. This session is important for facilitating our region's reform and opening up. Through it, party organizations at all levels and the masses of party members throughout the region will be mobilized to lead the people of various nationalities in holding high the banner of unity and construction, comprehensively implementing the party's basic line in the initial stage of socialism, and striving to enable our region to catch up with the national pace in economic construction as soon as possible.

Today, the auditorium of the autonomous regional government looked especially magnificent. The glistening CPC emblem indicated by a sickle and axe was hung high at the center of the rostrum and flanked by 10 bright red flags. Fresh flowers were placed all around the rostrum. A warm atmosphere characterized by unity and brave progress permeated the auditorium.

Members of the autonomous regional party committee, Advisory Commission, and Discipline Inspection Commission; leading comrades of the autonomous regional

People's Congress Standing Committee, government, and CPPCC Committee; leading comrades of the Nei Monggol Military District; principal responsible persons of various departments and units of organs directly under the autonomous region; and principal party and government leaders of various leagues, cities, banners and counties, totaling 470 persons, attended the session.

At 0830, Bu He, deputy secretary of the autonomous regional party committee, declared the session open. [passage omitted]

Comrade Wang Qun delivered a report entitled: Hold High the Banner of Unity and Construction and Expedite the Pace in Reform and Opening Up. The report is divided into six parts: 1) the situation we face and the tasks for this session; 2) the major strategic points of economic development and short-term fighting goals; 3) accelerating the pace in deepening economic structural reform and opening our doors wide on every side; 4) facilitating the political structural reform in an active and stable manner with the focus on separating the party from the government; 5) strengthening the building and the reform of the party itself; and 6) continuously consolidating and developing the great unity among various nationalities. [passage omitted]

Wang Qun Cites Achievements

SK270624 Hohhot Nei Monggol Regional Service
in Mandarin 1100 GMT 26 Dec 87

[Text] In a report to the fifth enlarged plenary session of the fourth autonomous regional party committee, Wang Qun said: During the 9 years between the 3d plenary session of the 11th Party Central Committee and the 13th Party Congress, we held high the banner of unity and construction and conscientiously implemented the party's line, principles, and policies adopted since the 3d plenary session of the 11th Party Central Committee, thus affecting historical and profound changes in the features of the region based on the tremendous achievements in socialist construction scored over the previous 3 decades and more.

Wang Qun pointed out: Under the leadership of the party Central Committee, we reversed unjust, trumped-up, and wrong cases in a realistic manner; exerted great efforts to eliminate the wounds, estrangement, and chaos created by the 10-year domestic turmoil; fairly properly handled the various social contradictions; and eradicated both leftist and rightist interference in a timely manner, thus creating an excellent political situation throughout the region in which the society is stable, the frontier is strengthened, the people lead a secure and happy life, and the unity among nationalities is continuously consolidated and strengthened; and providing a good social environment and political guarantee for reform, opening up, and socialist modernization. Our region's economic structural reform started from rural and pastoral areas and was gradually extended and deepened into urban areas. We also actively developed

lateral economic cooperation and opened the region wider to the outside world, thus adding new vigor to our region's economic development. Over the past 9 years, the national economy expanded in a sustained and stable manner, the ownership structure and production setup were initially readjusted, the unitary way of production in farming and animal husbandry was changed, and a good trend of vigorous development emerged in township enterprises in particular. Urban and rural markets have thrived, commodity retail sales have increased by a large margin, and the people's standard for living has notably improved. With the development of economic construction, great changes have taken place on various fronts and in various undertakings of science and technology, education, culture, press, public health, and sports, and encouraging results have been achieved in building the spiritual civilization. The PLA, armed police forces, public security cadres and policemen, and the masses of militia members have made significant contributions in building the two civilizations, safeguarding the frontier, carrying out emergency rescue and relief work, and maintaining public security.

Wang Qun asked: What education and inspiration did the 9-year practice of reform give us? First, emancipation of the mind should be the precursor of reform. Second, reform requires courage in pioneering the way forward and tenacity in carrying it out persistently. Third, the pioneering spirit of the masses should be respected in conducting reform. Fourth, in conducting reform, importance should be attached to selecting, supporting, and protecting the people who lead reform. Fifth, a stable and united social environment is needed in reform. Wang Qun continued: We have scored tremendous achievements over the past 9 years. This is for all to see. However, we have no reason whatsoever to feel complacent. We should remain clear-headed to see that we still lag considerably behind other provinces and regions in many fields. Major reasons are a rather slow rate of economic development, a lack of adequate growth in economic strength, and in particular a failure to notably improve economic results.

Wang Qun said: The theory on the initial stage of socialism put forward in the report to the 13th Party Congress has provided the theoretical basis for us to correctly understand the situations of the country and the region. If we say that in our history, neither coastal nor inland areas of our country had a developed commodity economy, our region then did not even have such an underdeveloped commodity economy. In developing the commodity economy amid the conditions of reform and opening up, our region is not on the same starting line as coastal and inland areas in many fields. In such a situation, we should foster a strong sense of crisis and urgency, remain alert, unite as one, and go all out to catch up with others. This is the only correct choice we have.

Wang Qun said: As long as we seize opportunities and unite as one to take the challenge, it is entirely possible

for us, the latecomers, to work a miracle by surpassing the old-timers in the land of Nei Mongol in our process of accelerating and deepening reform.

Wang Qun on Economic Strategy
*SK270642 Hohhot Nei Mongol Regional Service
in Mandarin 1100 GMT 26 Dec 87*

[Text] In his report, Wang Qun put forward the major strategic points of our region's economic development and its short-term fighting goals. He said: During the 13 years from now on until the end of this century, the major strategic points of our region's economic development are to grasp well the basic industries, such as energy, communications, telecommunications, and raw material, and light and textile industries; and to continue to strengthen farming, animal husbandry, and forestry—which constitute a foundation—greatly develop township enterprises and tertiary industries, and promote science and technology and education more rapidly to gradually improve the scientific and cultural levels of the people of various nationalities.

Wang Qun said: The short-term fighting goals of our region's economic development are: 1) to enable the living standard of the people in urban and rural areas throughout the region to gradually reach and surpass the medium level of the country calculated in terms of the per capita GNP, while making efforts to expand production; 2) to gradually attain self-sufficiency in grain based on coordinated development in forestry, animal husbandry, farming, and industry; and 3) to gradually raise the region's financial self-sufficiency rate on the premise of continuously improving economic results, and strive to obtain certain flexible funds for developing the economy and culture.

Wang Qun pointed out: It may take us 5 to 8 years to realize one of the three goals, and a longer period to realize another. By that time, we will happily see that our region greatly increases its vigor for developing the economy by itself and that the entire economic and social situation is notably changed.

Wang Qun said: To realize the three goals, at present we should particularly pay attention to the following issues. First, we should correctly understand and comprehensively implement the economic construction principle of developing diverse undertakings with the focus on forestry and animal husbandry, and see to it that forestry, animal husbandry, industry, and farming are developed in a balanced way in line with specific local conditions. Second, we should greatly popularize applicable technology, with the focus on developing secondary specialized technical education and vocational education, and attach importance to the role of existing trained personnel. Third, we should increase agricultural and animal husbandry input and gradually improve production conditions. Fourth, we should set our sights on tapping the potential and renewing the equipment of existing enterprises and their technical transformation and strive to

undertake new projects. Fifth, we should gradually establish a rational production setup with the characteristics of our region. Sixth, we should greatly develop the economy of banners and counties. Seventh, we should deepen the campaign to increase production, practice economy, increase revenue, and reduce expenditure.

Wang Qun on Political Restructuring
*SK280839 Hohhot Nei Mongol Regional Service
in Mandarin 1100 GMT 27 Dec 87*

[Text] In his report at the fifth enlarged plenary session of the fourth regional party committee, Wang Qun laid emphasis on grasping the key link of separating party and government functions and positively and steadily promoting the political structure reform.

Wang Qun pointed out: The short-term targets for the region's political structure reform are to set up a leadership system conducive to upgrading work efficiency, strengthening vitality, and arousing the enthusiasm of various fronts and to lay a good foundation for building socialist democratic politics. We should adopt resolute and prudent principles and take positive and steady measures in order to ensure step-by-step, well-guided progress in the political structure reform. The general principles are to proceed from reality to conduct the political structure reform from higher to lower levels, from selected areas to all areas, and in a manner of putting easy matters ahead of difficult ones; to make an overall plan and carefully organize forces to conduct the reform in a step-by-step manner; and to strive to avoid detours.

He said: Of the seven aspects of the political structure reform, the separation of party and government functions is the key link. Thus, the regional-level departments should be the first to separate the party functions from government ones. The major tasks for 1988 are to change the functions and leadership methods of party committees and to readjust appropriately the party's organizational forms and work organs. Regional, league, and city party committees should do a good job in ensuring the implementation of policy decisions, recommending persons for leading posts in government organs, and coordinating the work of other organs as set forth in the 13th CPC Congress. Meanwhile, they should strengthen party building but should not intervene in the specific affairs of organs of state power. The region should abolish leading party groups and discipline inspection groups of government organs in a planned, step-by-step manner, and should perfect the party organizations of organs. Favorable conditions should be created for implementing the administrative head responsibility system. Instead of demanding uniformity in everything, all banners and counties should proceed from reality in separating party and government functions. Towns, townships, and sumu for the time being shall not conduct the reform of separating party and government functions.

Wang Qun said: With regard to separating party and government functions, enterprises should comprehensively carry out and perfect the plant director and manager responsibility system; balance the relations between party, government, and trade union organizations; and solve the problems concerning the operational mechanisms and leadership system cropping up through implementation of the contracted management and responsibility system. Enterprises should change the functions of their party committees and should have their party committees play a supervisory role, bringing into play their functions for concentrating efforts to grasp party building. Institutions should gradually carry out the administrative head responsibility system. In enterprises and institutions, party organizations should change their functions in a step-by-step manner and act under the leadership of the local party committees.

With regard to other factors for political structure reform, Wang Qun said: The units where conditions are basically ripe are allowed to begin their reform work.

First, government organs should further delegate power to lower levels, change their functions, eliminate bureaucracy, and improve work efficiency. For now, we should concentrate the work of delegating power to lower levels on expanding the decision-making power of enterprises. Meanwhile, we should first delegate personnel, financial, and planning powers to key cities, banners, and counties. After delegating powers to lower levels, leading organs should concentrate their tasks on setting forth major policies, conducting supervision, and serving the grass-roots units.

Second, we should strengthen the building of democracy and the legal system and ensure that the people play a role as masters of the country in the smooth progress of reform, the opening to the outside world, and the four modernizations. We should continue to strengthen the building of CPPCC organizations, expand the patriotic united front, and have patriotic personages of democratic parties and non-party patriotic personages play further roles in state political activities and the four modernizations.

Third, we should use all useful channels and means to positively hold consultations and dialogues. We should put into play the supervisory role of public opinion, encourage the masses to publicly criticize the shortcomings and mistakes in work, and oppose bureaucracy and various unhealthy practices. From now on, leading organs should upgrade in a step-by-step manner the scope of opening themselves to the people, start to formulate measures suitable to the region's special characteristics and conducive to the formal progress of the social consultations and dialogues, and strive to systematically conduct consultation and dialogue activities.

Wang Qun pointed out: The reform of the political structure is a matter concerning the overall situation and relating to the personal interests of many people. Thus,

we should do a good job in conducting ideological and political work in order to unify the people's thinking with the guidelines of the 13th CPC Congress, to smash obstacles to reform, and to create a good social environment.

The regional party committee called on all Communist Party members throughout the region, particularly leading comrades at various levels, to play an exemplary role in reforming the political structure and to stand fast at their posts to achieve their work.

Tianjin's Li Ruihuan Attends Pingju Opera
*SK261102 Tianjin City Service in Mandarin 2300 GMT
25 Dec 87*

[Text] A joint performance by noted pingju opera performers in Tianjin opened ceremoniously at the China theater on the evening of 25 December. Pingju opera performers from the four cities of Beijing, Tianjin, Shenyang, and Harbin gave a brilliant performance together. Warm applause broke out frequently.

Leading municipal comrades, including Li Ruihuan, member of the Political Bureau of the CPC Central Committee, secretary of the municipal party committee, and municipal mayor; and Zhang Zaiwang, chairman of the municipal People's Congress Standing Committee, watched the performance. Gao Zhanxiang, vice minister of culture, also made a special trip here to extend congratulations.

When the performance ended, Gao Zhanxiang, vice minister of culture, extended congratulations onstage. He said: Today, the joint performance of three generations of pingju opera performers lit a torch for pingju opera development. This torch has been well lighted and will play a role in promoting the revitalization of pingju opera throughout China.

Comrade Li Ruihuan said in his speech: Tianjin is the birthplace of pingju opera, which has laid a solid foundation among the masses. However, for numerous reasons, pingju opera has not been popular the past few years. It is hoped that performers and audience will exert concerted efforts to (?revitalize pingju opera.)

Opposition Holds Peaceful Demonstration
*HK250605 Hong Kong AFP in English 0533 GMT
25 Dec 87*

[Text] Taipei, Dec 25 (AFP)—Several thousand opposition supporters demonstrated here Friday demanding new congressional elections as President Chiang Ching-kuo promised to rejuvenate the island's parliament, witnesses said.

Security forces and riot police, estimated to total 15,000, in full combat gear cordoned off Chungshan Hall where the 77-year-old president addressed the National Assembly in a ceremony marking the 40th anniversary of the Republic of China's Constitution.

The defeated Nationalist forces fled to Taiwan after the communist takeover on mainland China in 1949.

Banner-waving demonstrators, estimated by witnesses at around 4,000, massed on the street facing the hall, witnesses said.

The organisers of the turnout, the opposition Democratic Progressive Party (DPP), put the crowd at 20,000. Police refused to give any estimate.

The demonstrators started to move away around mid-day. Witnesses said that there were no incidents involving police and demonstrators and no arrests were made.

Yao Chia-wen, chairman of the DPP, said they sought to draw the public's attention to the urgent need for a new Congress and added "we expect their understanding and support."

In his statement, which was read to National Assembly, Mr. Chiang said: "It is a must to rejuvenate the congressional branches."

He said the issue of the Congress had become "a major concern of the people following a series of political and economic reforms in the past year. But the plan has to be designed with extreme caution to comply with the Constitution..."

Mr. Chiang stayed at the hall only about 10 minutes.

As the opposition supporters gathered outside Chungshan Hall, the pro-government Unity and Self-Reliance Association organised a rally at the Sun Yat-sen memorial hall.

Organisers estimated the turn-out there at 30,000.

Protest in National Assembly
*HK260455 Hong Kong HONGKONG STANDARD
in English 26 Dec 87 p 1*

[From Yau Shing-mu in Taipei, and agencies]

[Text] Taiwan's President Mr Chiang Ching-kuo yesterday faced the most vociferous demand for democracy that has been seen in his nine-year presidency.

The unprecedented protest inside Taipei's National Assembly Hall, where the 77-year-old president was attending a meeting celebrating the 40th anniversary of the Kuomintang Constitution, was backed by a mass demonstration outside.

Eleven assembly members from the opposition Democratic Progressive Party (DPP) stood up, banners in hand, and shouted: "Full elections to the parliament" when the president appeared in the hall.

All of them wore green jackets bearing the same slogan as the banners and their rallying call.

Outside the building, some 3,500 DPP members and more than 20,000 party supporters chanted calls for democracy.

About 20,000 riot police cordoned off the building and the nearby presidential residence with barbed-wire barricades.

Inside the hall, the protest went on until Irvine Ho, Secretary General of the assembly, finished reading a five-minute speech on the ailing president's behalf.

Mr Chiang, a diabetic with a heart pacemaker, sat in his wheelchair while the speech was read, then left the meeting after about 10 minutes as DPP and rival assembly members traded insults, witnesses said.

The president said that reform to improve the composition of parliament was a matter of necessity. But he was emphatic that the reform could not violate Taiwan's constitution which stipulates that the ruling Kuomintang (KMT) government would be the sole legitimate government of all China.

Outside the meeting, the demonstrators, wearing headbands reading "parliamentary re-election," waved banners and shouted slogans while their leaders delivered speeches denouncing the Nationalist party from a van.

DPP leaders condemned the ruling Kuomintang (KMT) and called for immediate elections to replace the "thousand-year congress."

Most senior congress members were elected in China in 1947 and 1948, with some 85 percent of the total 1,119 holding a mandate for life.

The opposition has complained that they are too old to do their jobs effectively.

As the protesters gathered, the pro-government Unity and Self-Reliance Association organised a rival rally at the Sun Yat-sen memorial hall.

Organisers estimated the turnout there at 30,000.

Taiwan's parliament comprises three representative bodies—the National Assembly, the Legislative Yuan and the Control Yuan.

The first election of the three bodies took place in 1947 and 1948 before the KMT fled to the island before the communist takeover of the mainland in 1949.

Elections since then have been only for additional members of parliament to cope with Taiwan's population increase.

The DPP, Taiwan's first opposition party, aims to push for full elections for all seats in the current 948-seat National Assembly and the 315-seat Legislative Yuan.

President Chiang's address maintained that reforms were to add "new forces" to parliament and there should be representatives from more sectors of society.

He did not elaborate on these points or give more details of the reform in his brief speech.

He reiterated that communism and separatism would not be tolerated.

Anti-communism is one of the major tasks of the representatives in parliament, he said.

Mr Kang Ning Hsiang, a DPP legislator and the field-commander of yesterday's mass protest, said that the activity had been a successful one.

"We just wanted the assembly members to feel and hear our wishes. We also want to see the DPP's mobilisation capability. We aim at non-violent mass gatherings. And we did it," said Mr Kang.

He said the exercise would serve as the basis for future DPP actions.

Two mass activities are in the pipeline for early next year, both aimed at calling for more democracy in the island republic.

DPP Interrupts Rally *OW260329 Taipei CNA in English 0258 GMT 26 Dec 87*

[Text] Taipei, Dec. 26 (CNA)—Three hundred twenty-four national assemblymen issued an emergency joint statement Friday severely reprimanding the 11 opposition members of the "Democratic Progressive Party" for their disturbances at a rally marking Constitution Day Friday morning.

The gathering was held at Taipei City Hall to commemorate the 40th anniversary of Constitution Day and concurrently open the 22nd session of the National Assembly's Constitutional Research Council and the National Assembly's 1988 annual meeting.

A small group of "DPP" assemblymen loudly chanted slogans, requesting a general parliamentary election during the rally. The meeting was momentarily halted because of the protest.

The statement said the rally, presided over by President Chiang Ching-kuo, is an important national celebration. The "DPP" assemblymen's move showed a lack of respect for the national leader.

While the "DPP" assemblymen spoke of the importance of human rights, the joint statement said that their cursing at senior assemblymen showed their own contempt for human rights.

The statement said the "DPP" assemblymen should not upset constitutional democracy at a time when the nation is still in an extraordinary situation.

Protesters Block Railway *OW260319 Taipei CNA in English 0241 GMT 26 Dec 87*

[Text] Taipei, Dec. 26 (CNA)—More than 5,000 railway passengers, most going home for the Constitution holidays, were stranded at the Taipei Railway Station for hours Friday because a section of the railroad tracks was blocked by supporters of a "Democratic Progressive Party" demonstration.

About 1,700 "DPP" supporters staged a demonstration in the busiest business district of Taipei Friday morning. Part of the demonstrators blocked the nearby railroad tracks and stopped two trains from passing.

Because of the blockade, 25 trains scheduled to depart for the south between 9:00 a.m. and 1:17 p.m. were canceled or delayed, and more than 5,000 passengers were stranded at the station. Trains were forced to get off at the suburban Wanhua station.

Many passengers were unhappy with the demonstration, saying that it wasted a lot of their time and spoiled their vacations.

They were not the only ones who complained about the "DPP" demonstration. Many bus passengers and drivers caught in traffic jams, and local residents and store owners also got angry.

Government To Deal With Violations of Law
OW280814 Taipei Domestic Service in Mandarin
2300 GMT 25 Dec 87

[Text] The Executive Yuan has solemnly pointed out that the government, acting in the serious spirit of law enforcement, will deal according to law with any acts in open violation of the law or in defiance of the law and government authority and will not treat them with leniency.

The Executive Yuan made this statement in a written reply to an interpellation by a member of the Legislative Yuan. In dealing with incidents involving the masses, the government takes a tolerant attitude in order to maintain social stability and harmony [words indistinct].

Hong Kong

'Roundup' Views Hong Kong Economy in 1987
*OW241009 Beijing XINHUA in English 1257 GMT
22 Dec 87*

[**"Roundup: 1987 Sees Outstanding Performance of Hong Kong Economy" — XINHUA headline**]

[Text] Hong Kong, December 22 (XINHUA) — Spurred by the export boom and continuous inflow of foreign funds, Hong Kong's gross domestic product (GDP) will show another double-digit growth this year following 1986's 11 percent growth, despite the stock market disturbance in late October.

Total exports in the first ten months of this year amounted to 305,485 million Hong Kong dollars (39,164 million U.S. dollars), 38 percent more than the same period of last year, while imports rose 37 percent to 304,860 million Hong Kong dollars (39,084 million U.S. dollars).

The property market was active for the first three quarters and construction of new buildings showed an 18 percent growth in terms of floor space.

Unemployment remained at a low level of less than two percent. High employment and increased income have spurred the local consumption capacity, resulting in a substantial growth of retail sales, food and recreation industries.

Tourism will also set a new record in terms of number of visitors and the earning volume. In the first nine months, 3.2 million visitors arrived in Hong Kong and their expenditures reached 17.8 billion Hong Kong dollars (2.28 billion U.S. dollars), representing 21.4 percent and 43.1 percent growth respectively.

The outstanding performance of Hong Kong's economy this year has been attributed to the weak Hong Kong dollar which is linked with the U.S. dollar and the increasing cooperation between Hong Kong and the Chinese mainland which provides labor and space at low price for Hong Kong business to cut overhead.

'Record-Breaking' Heroin Haul Seized
*HK250222 Hong Kong HONGKONG STANDARD
in English 25 Dec 87 p 1*

[Text] Police yesterday seized a record-breaking haul of heroin and heroin base. They netted 80 kg of No 4 heroin—the biggest seizure in Hong Kong's history—and 46 kg of heroin base.

The heroin's estimated retail price was \$100 million in Hong Kong, said Mr Tsang Yam-pui, chief staff officer with the Narcotics Bureau.

If exported to either the United States or Europe, the No 4 heroin would be worth HK\$1.2 billion.

Three local Chinese men aged between 25 and 31 have been arrested and are now helping police with their inquiries.

The investigation started five weeks ago and was based on a tip-off.

At 6 am yesterday, police raided a junk docked at Shek Pai Wan pier in Aberdeen and seized eight tin containers. Three contained heroin base and five the heroin itself.

Police officers said this form of concealment had never been seen before.

The three men were apprehended near the junk.

"This is the largest seizure of heroin base this year," said Mr Tsang. The No 4 heroin seizure was the biggest ever.

The heroin is thought to have originated in the Golden Triangle and Narcotics Bureau officers believe the drugs are being brought in by a syndicate.

Mr Tsang said the bureau had no information at this stage about the syndicate, but the three arrested men were helping with their inquiries.

The large increase in the amount of No 4 heroin being imported was due to its conversion into No 3 heroin for sale locally, he said. There was a market for it in Hong Kong. Originally, it was re-exported.

"There has been a trend in the past two years to convert No 4 heroin into No 3 heroin for local use," said Mr Tsang. "We are still trying to find the real reasons why No 4, instead of just heroin base, is being brought in."

"But we believe there is a shortage of heroin base on the Hong Kong market and converting No 4 doesn't require the use of hydrochloric acid."

Police officers also seized \$100,000 in cash, two cars and a goods vehicles.

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